

SENATE

MONDAY, MAY 19, 1958

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father, God, in these stirring and solemn times we beseech the undergirding of Thy might for those who here have been entrusted with the national welfare. We pray that, facing their global tasks, no passing irritation may dim the glory of the vision splendid.

When those beset by social and personal problems, and perchance whose attitudes are poisoned by evil forces, losing their sanity of outlook blame it on us, grant us the patience and the poise to meet hatred with good will, envy with sharing, injury with forgiveness, and falsehood with a passion for the truth. In spite of rude and bitter winds of opposition to our designs for world betterment, may we keep the torch of hope blazing for the distressed and disinherited across all the frontiers of want and woe. Asking not for appreciation, but only for the satisfaction of being faithful stewards of privilege in our relationships with others, may we be loyal to the royal in ourselves, heartened by history's assurance that so often truth crushed to earth has risen, and that wildernesses have blossomed into gardens because of those who have endured as seeing the invisible. So may Thy kingdom come and Thy will be done in all the earth. In the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 15, 1958, was dispensed with.

MESSAGES FROM THE PRESIDENT—
APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On May 14, 1958:

S. 3050. An act to increase the equipment maintenance allowance for rural carriers, and for other purposes.

On May 16, 1958:

S. 1062. An act for the relief of Maud Claer Wahl;

S. 1578. An act for the relief of Hovhannes H. Haldostian;

S. 1818. An act to direct the Secretary of the Interior to acquire certain lands as an addition to the Fort Frederica National Monument;

S. 1943. An act for the relief of Norma Josephine Hodges Dowd;

S. 2166. An act for the relief of John J. Griffin;

S. 2183. An act to amend the act of August 2, 1956 (70 Stat. 940), providing for the establishment of the Virgin Islands National Park, and for other purposes; and

S. 2937. An act to provide equitable treatment for producers participating in the Soil Bank program on the basis of incorrect information furnished by the Government.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting the nomination of Vice Adm. Edmund T. Woolbridge, United States Navy, when retired, to be placed on the retired list in the grade of vice admiral, which was referred to the Committee on Armed Services.

REPORT ON OPERATION OF TRADE
AGREEMENTS PROGRAM—MES-
SAGE FROM THE PRESIDENT
(H. DOC. NO. 384)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and, with the accompanying report, referred to the Committee on Finance:

To the Congress of the United States:

I hereby transmit my second annual report on the operation of the trade agreements program. This report is submitted to the Congress pursuant to section 350 (e) (1) of the Tariff Act of 1930 as amended by section 3 (d) of the Trade Agreements Extension Act of 1955. The trade agreements program is carried out under the authority contained in the Trade Agreements Act of 1934 and its various amendments and extensions.

In the past year, Free World exports reached \$100 billion and our own exports approached the huge total of \$20 billion for the first time. These facts, together with the developments in world commerce recorded in this report, dramatize the vital role that our trade policy has played in the attainment of economic progress at home and abroad and in building cohesion in the Free World.

Whether the progress that has been made over the years in the development of healthy world trade can be continued, whether advances in economic cooperation abroad as exemplified by the European Common Market can widely benefit the United States as well as the participants, whether the best interests of the United States in a peaceful world can be fostered—all depend in large measure on effective trade leadership by this country.

This report is a part of the history of the reciprocal trade program. That history clearly reveals the need for the continuation and strengthening of the reciprocal trade program through the enactment of recommended legislation.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, May 19, 1958.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 10746) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1959, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KIRWAN, Mr.

NORRELL, Mr. SIEMINSKI, Mr. MAGNUSON, Mr. CANNON, Mr. JENSEN, Mr. FENTON, Mr. BUDGE, and Mr. TABER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 12428) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1959, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 12428) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1959, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

LIMITATION OF DEBATE DURING
MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING
SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Labor Subcommittee of the Committee on Labor and Public Welfare, and the Committee on Foreign Relations were authorized to meet during the session of the Senate today.

ORDER DISPENSING WITH CALL
OF THE CALENDAR

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the call of the calendar, under the rule, be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I desire to announce that we expect to have the Senate proceed to the consideration of Calendar 1549, Senate bill 3468, which provides for the construction and improvement of certain roads on the Navaho and Hopi Indian Reservations.

Calendar 1545, House bill 6940, which authorizes the Secretary of the Interior to reimburse certain landowners for their moving expenses.

Calendar 1546, Senate bill 3199, which changes the period for doing annual assessment work on unpatented mineral claims.

Calendar 1547, Senate bill 2215, which authorizes the Secretary of the Interior to construct, operate, and maintain the Spokane Valley project, in Washington and Idaho.

Calendar 1571, House bill 11519, which authorizes the use of naval vessels to

determine the effect of newly developed weapons upon such vessels.

Calendar 1572, House bill 8547, which authorizes the disposal of certain uncompleted vessels.

Calendar 1538, Senate bill 3186, to extend for 1 year certain programs established under the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of 1956.

It is also our intention to have the Senate consider Calendar 1614, Senate Joint Resolution 166, which has been reported from the Committee on Interstate and Foreign Commerce. That joint resolution authorizes an appropriation to enable the United States to extend an invitation to the International Civil Aviation Organization to hold the 12th session of its assembly in the United States in 1959.

Mr. President, I expect to have the conference report on the postal pay and rate bill called up in the Senate as a privileged matter; we anticipate now that it probably will be brought up on Wednesday.

In addition, we shall have a call of the calendar on Wednesday.

Mr. President, I thank my colleagues for their consideration.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

PURCHASE AND DONATION OF FLOUR AND CORNMEAL FOR CERTAIN PURPOSES

A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes (with an accompanying paper); to the Committee on Agriculture and Forestry.

REPORT ON MILITARY PRIME CONTRACTS WITH BUSINESS FIRMS IN THE UNITED STATES FOR EXPERIMENTAL, DEVELOPMENTAL, AND RESEARCH WORK

A letter from the Assistant Secretary of Defense, Supply and Logistics, transmitting, pursuant to law, a report on military prime contracts with business firms in the United States for experimental, developmental, and research work (with an accompanying report); to the Committee on Armed Services.

PROPOSED CONCESSION CONTRACT, GRAND TETON NATIONAL PARK, WYO.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed concession contract in Grand Teton National Park, Wyo. (with accompanying papers); to the Committee on Interior and Insular Affairs.

PHOTOGRAPHS OF CERTAIN UNITED STATES CEMETERIES IN FOREIGN COUNTRIES

A letter from the Secretary, the American Battle Monuments Commission, Washington, D. C., reporting pursuant to law, on the program to furnish to the next-of-kin of soldiers, sailors, marines, and airmen who are buried overseas an aerial photograph of the cemetery in which the individual is buried (with an accompanying paper); to the Committee on Interior and Insular Affairs.

REPORT ON BACKLOG OF PENDING APPLICATIONS AND HEARING CASES, FEDERAL COMMUNICATIONS COMMISSION

A letter from the Chairman, Federal Communications Commission, transmitting, pur-

suant to law, a report on backlog of pending applications and hearing cases in that Commission, as of March 31, 1958 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by James A. Edmond Post 121, the American Legion, Department of Texas, relating to the release of American prisoners by the Governments of China and North Korea; to the Committee on Foreign Relations.

A resolution adopted by the City Council of the City of Los Angeles, Calif., relating to a 1962 world fair in the Los Angeles area; to the Committee on Foreign Relations.

A letter from the coordinator, Office of Civil Defense, Commonwealth of Virginia, Richmond, Va., transmitting a copy of an interstate civil defense compact between the States of Virginia and North Carolina (with an accompanying paper); to the Committee on the Judiciary.

A letter in the nature of a petition from Ignatius Page, Jr., of St. Louis, Mo., relating to certain motions concerning an impeachment proceeding; to the Committee on the Judiciary.

Resolutions adopted by the city councils of the cities of Los Angeles, West Covina, Beverly Hills, and Glendora, all of the State of California, favoring additional authorization for the Los Angeles River Basin project; to the Committee on Public Works.

A resolution adopted by the board of trustees of the Oso Flaco Reclamation District No. 2081, Santa Maria, Calif., relating to the flood control hazard in Santa Maria Valley, Calif.; to the Committee on Public Works.

By Mr. PAYNE:

A joint resolution of the Legislature of the State of Maine; to the Committee on Finance:

"Joint resolution memorializing Congress to provide adequate safeguards in tariff and foreign trade policy legislation

"We, your memorialists, the Senate and House of Representatives of the State of Maine in the 98th legislative session assembled, most respectfully present and petition your honorable body as follows:

"Whereas the steadily increasing importation from foreign countries into the United States of numerous products that unfairly compete with a substantial part of the products of Maine's industrial economy constitutes a constant threat to the State's economic stability; and

"Whereas the manufacturing and processing industries such as textiles, hardwood plywood, clothespins and fisheries pay wages at the American standard to our residents and support the State and Federal Governments by payment of taxes; and

"Whereas the cost of production in low-wage, highly industrialized foreign countries is far below the cost of production in the State of Maine and it is impossible for our industries to compete with the low-priced imports; and

"Whereas some industries of Maine are being forced to close or reduce work forces, man work hours and prices, resulting in financial losses to the companies, reduction in take-home pay to workers and unemployment: Now, therefore, be it

"Resolved, That we the memorialists, recommend to the Congress of the United States to provide in the trade agreements legislation now before it adequate safeguards to remedy injury to domestic industry through

import quotas and an effective legal control; and be it further

"Resolved, That copies of this resolution, duly authenticated by the secretary of state, be immediately transmitted by the secretary of state to the Senate and House of Representatives in Congress, to the President of the United States, the Vice President of the United States, the Secretary of State, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Labor, the Chairman of the United States Tariff Commission, the President of the Senate, the Speaker of the House of Representatives, the chairman of the House Ways and Means Committee, the chairman of the Senate Finance Committee, and each Senator and Representative from Maine in the Congress of the United States."

"In senate chamber, in concurrence May 8, 1958, read and adopted.

"CHESTER T. WINSLOW,

"Secretary.

"House of representatives, read and adopted May 8, 1958.

"HARVEY R. PEASE,

"Clerk."

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of Maine, identical with the foregoing, which was referred to the Committee on Finance.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ELLENDER, from the Committee on Agriculture and Forestry, without amendment:

S. 1939. A bill to amend the Federal Seed Act of August 9, 1939 (53 Stat. 1275), as amended (Rept. No. 1590); and

H. R. 6765. An act to provide for reports on the acreage planted to cotton, to repeal the prohibitions against cotton acreage reports based on farmers' planting intentions, and for other purposes (Rept. No. 1591).

By Mr. HUMPHREY, from the Committee on Agriculture and Forestry, without amendment:

S. 3076. A bill to amend section 12 of the act of May 29, 1884, relating to research on foot-and-mouth disease and other animal diseases (Rept. No. 1589).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, with amendments:

S. 2447. A bill to authorize and direct the Secretary of the Interior to undertake continuing studies of the effects of insecticides, herbicides, and fungicides upon fish and wildlife for the purpose of preventing losses of those invaluable natural resources following spraying and to provide basic data on the various chemical controls so that forests, croplands, and marshes can be sprayed with minimum losses of fish and wildlife (Rept. No. 1592).

By Mr. O'MAHONEY, from the Committee on the Judiciary, without amendment:

S. 2629. A bill for the relief of John J. Spriggs (Rept. No. 1594).

By Mr. O'MAHONEY, from the Committee on the Judiciary, with an amendment:

H. J. Res. 378. Joint resolution to authorize the President to proclaim annually the week which includes July 4 as National Safe Boating Week (Rept. No. 1595).

By Mr. O'MAHONEY, from the Committee on the Judiciary, with amendments:

H. R. 1061. An act to amend title 10, United States Code, to authorize the Secretary of Defense and the Secretaries of the military departments to settle certain claims for damage to, or loss of, property or personal injury or death, not cognizable under any other law (Rept. No. 1596).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 445. A bill for the relief of Maria Sabatino (Rept. No. 1597);

S. 683. A bill for the relief of Chiu-Sang Wu and his wife, Catherine Naoko Mitsuda Wu (Rept. No. 1598);

S. 1542. A bill for the relief of Lori Biagi (Rept. No. 1599);

S. 1963. A bill to amend section 35 of title 18 of the United States Code so as to increase the punishment for knowingly giving false information concerning destruction of aircraft and motor vehicles (Rept. No. 1600);

S. 2982. A bill for the relief of Kalliope Giannias (Rept. No. 1601);

H. R. 1466. An act for the relief of Dr. Thomas B. Meade (Rept. No. 1608);

H. R. 7261. An act to amend the Federal Probation Act to make it applicable to the United States District Court for the District of Columbia (Rept. No. 1609); and

H. R. 9775. An act for the relief of William J. McGarry (Rept. No. 1610).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 3055. A bill for the relief of Ronald H. Denison (Rept. No. 1603);

S. 3175. A bill for the relief of Giuseppina Fazio (Rept. No. 1602);

S. 3205. A bill for the relief of Paul S. Watanabe (Rept. No. 1604);

H. R. 1700. An act for the relief of Western Instruments Associates (Rept. No. 1611); and

H. R. 6932. An act for the relief of the estate of W. C. Yarbrough (Rept. No. 1612).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 459. A bill for the relief of Francisco Salinas (also known as Daniel Castro Quilantan) and his wife Graciela de Jesus Garza Salinas (also known as Graciela de Jesus Garza Quilantan) (Rept. No. 1605);

S. 489. A bill for the relief of Mary K. Ryan (Rept. No. 1606);

S. 1593. A bill for the relief of Elisabeth Lesch (Rept. No. 1607); and

H. R. 1492. An act for the relief of Gillous M. Young (Rept. No. 1613).

DEMONSTRATION PLANT FOR PRODUCTION FROM SEA OR OTHER SALINE WATERS, WATER SUITABLE FOR AGRICULTURAL PURPOSES—REPORT OF A COMMITTEE

Mr. ANDERSON. Mr. President, by direction of the Committee on Interior and Insular Affairs, I report favorably, with an amendment, in the nature of a substitute, the joint resolution (S. J. Res. 135) providing for the construction by the Department of the Interior of a full-scale demonstration plant for the production from sea or other saline waters, of water suitable for agricultural, industrial, municipal, and other beneficial consumptive uses, and I submit a report (No. 1593) thereon.

The title as amended provides for the construction by the Secretary of the Interior of demonstration plants for the production, from saline or brackish waters, of water suitable for agricultural, industrial, municipal, or other beneficial consumptive uses.

On April 1, by leave of the Senate, the Senator from South Dakota [Mr. CASE] and the Senator from California [Mr. KUCHEL] became cosponsors. The senior Senator from Wisconsin [Mr. WILEY] desires to join us in sponsoring this important legislation, and I ask unanimous consent that his name be added as a cosponsor.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ANDERSON. Mr. President, in our opinion, Senate Joint Resolution 135, as amended, represents the most vital piece of water legislation since the enactment of the reclamation law of 1902, which set the stage for water and land resource development in the 17 Western States. Under this act, reclamation projects are now supplying irrigation water to more than 7 million acres of productive agricultural land that have created or supported hundreds of cities and towns in the West.

Public power, totaling more than 5 million kilowatts, have been installed on reclamation multipurpose projects. Municipal water is furnished scores of cities and towns as a byproduct.

Taxable values have been created, running into hundreds of millions of dollars, purchasing power has been created, homes established, and the spreading of the wealth developed has been felt in every section of the country, as Theodore Roosevelt predicted in his message to the Congress 56 years ago.

By 1980, Government experts estimate that the use of water in this country will treble. Surface and underground sources of fresh, sweet, or potable water in many areas of the country are already being taxed to capacity to meet daily needs of a population that is increasing at the rate of 3 million persons annually.

The stability and growth of many of our coastal cities to the west, as well as the east, depends on fresh water supplies. In the interior areas, communities are already confronted by diminishing potable supplies. Agricultural areas in many Western States are confronted by a lack of water suitable for irrigation.

In 1952 the Congress established a saline water program in the Department of the Interior for research and pilot plant development. There is no question but that sea water can be desalted or that brackish water can be demineralized.

The problem has been to demonstrate, on a full-scale basis, the best methods by which results can be achieved at economical cost. So far only very minor pilot plant operations have been undertaken, either by the Government or private industry.

In the opinion of the committee the approach has been inadequate and ineffectual toward reaching promptly the goal that time is making an urgent necessity. Five, ten, or fifteen years are all too short a time in which to reach the goal.

Senate Joint Resolution 135, as amended, places the responsibility for accelerating the saline water program on the Secretary of the Interior, whose department is charged with the duty of implementing the authorizations set forth in the measure as reported by the committee. We have confidence that the present Secretary, a former distinguished Member of this body, is alert to the problem and will so organize the program to carry out the objectives promptly and effectively.

In brief, the authorization in the amended resolution sets forth these ob-

jectives with an appropriation of \$10 million.

First. Construction and operation of—
(1) Not less than 3 plants which shall be designed for the conversion of sea water, and each of 2 plants so designed to have a capacity of not less than 1 million gallons per day;

(2) Not less than 2 plants, designed for the treatment of brackish water, and at least 1 of the plants so designed to have a capacity of not less than 250,000 gallons per day; and

(3) Such plants shall be located in the following geographical areas with a view to demonstrating optimum utility from the standpoint of reliable operation, maintenance, and economic potential—

(A) At least 1 plant which is designed for the conversion of sea water shall be located on the west coast of the United States, and at least 1 plant so designed shall be located on the east coast or gulf coast of the United States;

(B) At least 1 plant which is designed for the treatment of brackish water shall be located in the area generally described as the northern Great Plains, and at least 1 plant so designed shall be located in the arid areas of the Southwest; and

(C) One plant which is designed for the conversion of sea water shall be located in the Virgin Islands or some other Territorial possession of the United States, as determined by the Secretary of the Interior, with a view to providing potable water and/or additional electric power.

The committee has avoided any indication as to the precise locations of any of the plants in the general geographical areas indicated. The decisions on the precise locations are the responsibility of the Secretary.

Presumably, the Secretary will take into consideration the critical water problems of local areas and the market for the potable water produced at the plants. Cooperation of States and local communities will undoubtedly be a factor in the Secretary's consideration of the locations.

It is our hope that Senate Joint Resolution 135 will receive early consideration.

The VICE PRESIDENT. The report will be received, and the joint resolution will be placed on the calendar.

Mr. WILEY. Mr. President, the future of America and of the world is, more than we realize, dependent on continued adequate supplies of what we have always assumed to be as plentiful as the air—that is, water.

However, increasing home, industrial and agricultural uses, the cutting down of many of our forests, and the growing industrialization of our continent are going to make water a scarce commodity, unless we take steps to prevent it.

Conservation of natural resources is one avenue of prevention. Another is perfecting the economical purification of polluted, saline, and brackish water.

Therefore, I have been pleased to join in cosponsoring the committee bill which Senator ANDERSON is sponsoring, and which provides for the construction, under contract with the Department of the

Interior, of demonstration plants for the production, from saline or brackish waters, of water suitable for agricultural, industrial, municipal, and other beneficial uses.

And, Mr. President, I ask unanimous consent that there be printed in the body of the RECORD at this point my statement on Senate Joint Resolution 135, as amended.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY
HISTORICAL BACKGROUND

Civilizations have risen and fallen depending on changing climates. Deserts have crept up on lush and wealthy civilizations, have destroyed them more completely than an invading horde could have done.

Power has waxed and waned dependent upon the fruits of civilization which require the nourishment of pure water.

Note the effect of water. In the midst of arid deserts, one comes upon the delightful relief of the oasis. And the oasis differs only from the surrounding desert because of the water which feeds it.

INTERNATIONAL ASPECTS

As dynasties have risen and fallen for such reasons as I have mentioned, international power has shifted from one nation to another.

One of the great sources of power of the United States has been its relative freedom from worry about sources of water.

Other raw materials have been available in abundance, but so has the water necessary to support the life of the continent and to make easy any industrial process to refine the rich ores found in this country.

Some countries which have lacked water have felt insecure and poor, and have considered it necessary to prey upon their neighbors in order to survive.

International conflict is often bred by poverty, and national poverty is often due to lack of water.

WATER AND THE MIDDLE EAST

In the northern plain of Africa and in the Arabian Peninsula, we see great stretches of desert covering areas, much of which was once well watered and green. Perhaps from the overuse or waste of the surface of the soil, the water gradually receded until nothing was left but desert.

Along the Nile, there has continued a primitive agriculture, dependent almost completely upon irrigation from the sluggish, muddy waters of the Nile. Along the banks, the peasant pedals a wheel to which are attached cups which raise the water to the ditches he has dug in his little piece of soil. And, on this little water, his crop must grow.

As you all know, the increase and regulation of the waters of the Nile for the benefit of the agriculture and industry of Egypt has long been a dream of the people inhabiting that area.

In Palestine, the lack of water has tended to increase the tensions between the Arab nomadic tribes and the Israelis who cultivate the soil and start industry. A project to bring water to that area would be one of the most effective international means of relieving tensions and bringing peace to an otherwise strife-torn region.

SALINE AND BRACKISH WATER

Where fountainheads of water are not available for damming and piping to arid areas, there is usually a kind of water which has been useless in the past. I refer to the salty water of the ocean and to the brackish water of other areas. For thousands of years, it has been known that saline and brackish water could be converted into comparatively pure water by such processes as distillation.

However, the problem of excessive cost has always been the limiting factor.

Laboratory experiments have refined these age-old processes to the point where we can now foresee the increasingly inexpensive manufacture of pure water from salty water.

The time has come, in my opinion, when we must seize time by the forelock and ride head on to meet the challenge of the future.

There are many practical processes; but the mere test tube type application of them in the laboratory does not tell us how cheaply we can really make large quantities of fresh water.

America is proud of its private industry, of the initiative and practical engineering of which American industry is capable.

It is, therefore, a great satisfaction to co-sponsor a bill which provides that five demonstration plants shall be constructed by our private industry.

In private industry one will find the practical engineers whose experience has qualified them to meet the practical problem of cost, and to cut cost to the bone.

DISTRIBUTION OF THE PLANTS

It is a great advantage, in my opinion, to have the proposed plants located at differing places within the United States.

This will test operations under diverse conditions, and it will make the plants available to different sections of our country.

It is unfortunately true that increasingly there are parts of the United States which suffer from lack of surplus supplies of water.

WISCONSIN WATER MUST BE SAVED

We, in Wisconsin, find that we are increasingly under pressure to lend and probably to give some of our water to our friends.

Although we would like to be generous with our natural resources, we must guard the future of our great State and protect the heritage of our children and grandchildren.

STOP CHICAGO WATER DIVERSION

The continual fight by the authorities of the city of Chicago, and their allies, for a diversion to their own use of Lake Michigan waters which belong to lakeside States, constantly emphasizes the struggle over water.

We should be naive if we did not now foresee an increasingly intense struggle for Lake Michigan water, unless we can point the way toward more economical purification.

Although the problem of the city of Chicago is not one of purifying saline or brackish water, it is a somewhat similar problem—that of purifying water polluted by industry and by sewage from a large city.

The city of Chicago and the Chicago Sanitary District should, in my humble judgment, demonstrate what can be cheaply done in the purification of polluted water by Chicago, so that their neighboring Lake States would be freed from the drain and constant fear of losing some of their water rights.

For instance, a 1-inch drop in the lake level would put ships 1 inch closer to scraping bottom, necessitating lighter loads for most freight ships.

WISCONSIN WATER LAWS

The State of Wisconsin has commendably undertaken a review of all aspects of the question of laws concerning the use of water.

Water in the State is needed for recreation, for drinking, for agriculture, for industry. And, it is the sine qua non, or necessity, of the beautiful vegetation which adorns the State of Wisconsin and of the wildlife which inhabits its forests.

The rivers and lakes of Wisconsin are a joy to behold and a pleasure for the vacationer to use. Incidentally, the recreation industry is the third largest industry in the State.

These lakes and rivers are not in imminent danger—at least so long as we vigilantly stand guard against lake water diversion.

However, the water table of this, as well as of other States, has been gradually sinking.

Watershed management, to increase the absorption of water into the land, will help; but in the long run this will not be enough.

LET US BE FARSIGHTED

It is not enough to say that the problem of water, of scarcity, is not immediately upon us. This is most fortunate. We in the Senate are charged with taking the long view of the needs of our country and of our States. And, if we fail to do this, we may perhaps see looming on the horizon the unpleasant mirage, not of a lovely oasis, but of an arid desert gradually creeping upon our prosperous land.

I am sure, however, that we shall all take the long view, be farsighted, and plan the protection of our trusting country from drought.

We must, therefore, redouble our efforts.

CONSERVATION

Conservation of natural resources should, of course, be carried on in the ways in which our laws provide. And, where necessary, these laws should be strengthened to give proper attention to the protection of the existing water-conserving coverage of the soil, and to the development of other conservation measures.

And, in addition, I believe that we should, as quickly as possible, pass and send to the President this Senate Joint Resolution 135, a bill calculated to make practical the theoretical knowledge which has been obtained concerning the purification of saline and brackish water.

THE BILL

This Senate Joint Resolution 135, as amended, contains appropriate recitals as to the increasing scarcity of water and the danger of such scarcity to our country.

The bill also provides that the Secretary of the Interior select the process to be utilized in the demonstration plants, and that he do this within 6 months.

The Secretary of the Interior is also directed to let contracts for the construction of not less than five demonstration plants. These are to be large plants. Not less than 3 are to be designed for the conversion of sea water, and 2 of these plants are to be of a capacity of not less than 1 million gallons per day.

Not less than 2 of the 5 plants are to be designed for the treatment of brackish water. At least 1 of these brackish water plants is to have a capacity of not less than 250,000 gallons per day.

The geographic locations of the plants are to be such that they will be distributed throughout the United States—

1. One for sea water, to be on the west coast;
2. One for sea water, on the east or gulf coast;
3. One for sea water, to be in a Territorial possession such as the Virgin Islands, where they have had, I am told, a water problem;
4. One for brackish water, to be located in the northern Great Plains; and,
5. One for brackish water, in the so-called arid areas of the Southwest.

Mr. President, I am happy to join my colleagues in supporting this legislation, and I ask that it receive the most prompt and favorable consideration. It is not too much to say that our hopes for lasting world peace may ultimately depend upon our solution to the problem of pure water. If we can assure the world of an increasingly adequate supply of fresh water, we shall be in a position to lead in alleviating the arid conditions leading to national poverty and resulting international tension. I, for one, am confident that this bill will go a long way toward helping to solve the practical problem of the conversion of saline and brackish water into sweet and fresh water at a practical, low cost.

CONTROL OF NOXIOUS PLANTS ON CERTAIN GOVERNMENT LANDS—REPORT OF A COMMITTEE

Mr. HUMPHREY. Mr. President, from the Committee on Agriculture and Forestry, I report an original bill to provide for the control of noxious plants on land under the control or jurisdiction of the Federal Government, and I submit a report (No. 1588) thereon.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar.

The bill (S. 3861) to provide for the control of noxious plants on land under the control or jurisdiction of the Federal Government, was read twice by its title, and placed on the calendar.

PROVISIONS WITH RESPECT TO REMOVAL AND TERMS OF OFFICE OF MEMBERS OF CERTAIN REGULATORY AGENCIES—REPORT OF A COMMITTEE

Mr. MAGNUSON. Mr. President, from the Committee on Interstate and Foreign Commerce, I report an original bill to establish certain provisions with respect to the removal and the terms of office of the members of certain regulatory agencies, and I submit a report (No. 1614) thereon.

The VICE PRESIDENT. The report will be received and printed, and the bill will be placed on the calendar.

The bill (S. 3862) to establish certain provisions with respect to the removal and the terms of office of the members of certain regulatory agencies, reported by Mr. MAGNUSON from the Committee on Interstate and Foreign Commerce, was read twice by its title, and placed on the calendar.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,
The following favorable report of a nomination was submitted:

By Mr. FULBRIGHT, from the Committee on Banking and Currency:
Ira A. Dixon, of Indiana, to be a member of the Federal Home Loan Bank Board.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DIRKSEN:

S. 3836. A bill for the relief of Girolamo Nasselli; to the Committee on the Judiciary.
By Mr. DIRKSEN (by request):

S. 3837. A bill for the relief of Stefano Filippone and Maria Filippone; to the Committee on the Judiciary.

By Mr. DIRKSEN (for himself and Mr. MARTIN of Iowa):

S. 3838. A bill to provide authority for the payment of certain claims under section 2732 of title 10 of the United States Code; to the Committee on the Judiciary.

By Mr. GREEN:

S. 3839. A bill for the relief of Sadako Suzuki; and

S. 3840. A bill for the relief of Yee Yun; to the Committee on the Judiciary.

By Mr. YARBOROUGH:

S. 3841. A bill to amend section 633 of title 28, United States Code, prescribing fees of United States commissioners; to the Committee on the Judiciary.

S. 3842. A bill to amend the Civil Service Retirement Act so as to provide for crediting of service of United States commissioners on the basis of one two-hundred-and-thirty-eighth of a year for each day's service; to the Committee on Post Office and Civil Service.

(See the remarks of Mr. YARBOROUGH when he introduced the above bills, which appear under separate headings.)

By Mr. BIBLE:

S. 3843. A bill to regulate the practice of physical therapy by registered physical therapists in the District of Columbia; to the Committee on the District of Columbia.

By Mr. YOUNG:

S. 3844. A bill to provide for the erection of a Federal building in Williston, N. Dak.;

S. 3845. A bill to provide for the erection of a Federal building in Grand Forks, N. Dak.;

S. 3846. A bill to provide for the erection of a Federal building in Minot, N. Dak.;

S. 3847. A bill to provide for the erection of a Federal building in Bismarck, N. Dak.;

S. 3848. A bill to provide for the erection of a Federal building in Fargo, N. Dak.; and

S. 3849. A bill to provide for the erection of a Federal building in Mandan, N. Dak.; to the Committee on Public Works.

By Mr. HUMPHREY (for himself and Mr. PROXMIER):

S. 3850. A bill to amend the Federal Trade Commission Act, as amended, so as to equalize rights in the distribution of identified merchandise; to the Committee on Interstate and Foreign Commerce.

By Mr. HUMPHREY (for himself, Mr. LONG, Mr. MORSE, Mr. PROXMIER, and Mr. CLARK):

S. 3851. A bill to amend the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, and to amend the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890, for the purpose of prohibiting loss leader sales.

By Mr. HUMPHREY (for himself, Mr. LONG, Mr. MORSE, and Mr. PROXMIER):

S. 3852. A bill to amend the Clayton Act to prohibit sales in commerce at unreasonably low prices where the effect may be to injure competition; to the Committee on the Judiciary.

(See the remarks of Mr. HUMPHREY when he introduced the above bills, which appear under a separate heading.)

By Mr. NEUBERGER (for himself, Mr. MAGNUSON, Mr. MORSE, and Mr. JACKSON):

S. 3853. A bill to authorize the Secretary of the Army to sell or lease, or grant easements in, over, and upon, real property of the United States which is part of a dam and reservoir project; to the Committee on Public Works.

(See the remarks of Mr. NEUBERGER when he introduced the above bill, which appear under a separate heading.)

By Mr. MAGNUSON (for himself, Mr. JACKSON, Mr. NEUBERGER, and Mr. MORSE):

S. 3854. A bill to authorize the Secretary of the Army to sell lands at dam and reservoir projects to State and local agencies for port development, or recreational or industrial facilities; to the Committee on Public Works.

By Mr. DOUGLAS:

S. 3855. A bill to amend title IV of the Housing Act of 1950 (college housing) with respect to the definition of "educational institution"; to the Committee on Banking and Currency.

By Mr. BARRETT:

S. 3856. A bill to amend title I of the Social Security Act to permit the States to

disregard certain income in determining need for old-age assistance under the State programs established pursuant to such title; to the Committee on Finance.

By Mr. BUTLER:

S. 3857. A bill to amend the Shipping Act, 1916, in order to make lawful under the provisions of such act a special rate granted in return for an exclusive contract with a shipper; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. BUTLER when he introduced the above bill, which appear under a separate heading.)

By Mr. THYE:

S. 3858. A bill authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. THYE when he introduced the above bill, which appear under a separate heading.)

By Mr. IVES:

S. 3859. A bill for the relief of Eber Bros. Wine & Liquor Corp.; to the Committee on the Judiciary.

S. 3860. A bill to amend the Labor-Management Relations Act, 1947; to the Committee on Labor and Public Welfare.

By Mr. HUMPHREY:

S. 3861. A bill to provide for the control of noxious plants on land under the control or jurisdiction of the Federal Government; placed on the calendar.

(See reference to above bill when reported by Mr. HUMPHREY, which appears under a separate heading.)

By Mr. MAGNUSON:

S. 3862. A bill to establish certain provisions with respect to the removal and the terms of office of the members of certain regulatory agencies; placed on the calendar.

(See reference to above bill when reported by Mr. MAGNUSON, which appears under a separate heading.)

By Mr. RUSSELL (for himself and Mr. SALTONSTALL) (by request):

S. 3863. A bill to provide additional facilities necessary for the administration and training of units of the Reserve components of the Armed Forces of the United States; to the Committee on Armed Services.

(See the remarks of Mr. RUSSELL when he introduced the above bill, which appears under a separate heading.)

By Mr. THURMOND:

S. J. Res. 175. Joint resolution proposing an amendment to the Constitution of the United States relating to the plea of double jeopardy; to the Committee on the Judiciary.

(See the remarks of Mr. THURMOND when he introduced the above joint resolution, which appear under a separate heading.)

AMENDMENT TO SECTION 633 OF TITLE 28, UNITED STATES CODE, PRESCRIBING FEES OF UNITED STATES COMMISSIONERS

Mr. YARBOROUGH. Mr. President, I introduce for appropriate reference, a bill to amend section 633 of title 28, United States Code, prescribing an increase in rate of fees charged by United States Commissioners, in order to correct a condition which has existed for the period 1946 to date in which the United States Commissioners have received remuneration below that of other comparable United States Government officials. In brief, the situation may be noted as follows: Remuneration for United States Commissioners was not corrected in the various bills that increased earnings of employees and officials between the years 1946 and 1957.

During these same 11 years Congress wisely increased earnings of United States judges, United States Congressmen, and others approximately 125 percent.

In order to meet current increased costs of operation and remuneration, the schedule of fees under United States Code, section 633, title 28, has been amended to take care of a 25-percent increase for service rendered on eight types of service performed by United States commissioners—the detailed types of service are described in the amendment.

In 1957, the fee schedule was changed by enactment of H. R. 4191 so as to give substantial increases for the first few cases handled by commissioners, but the bill eliminated the additional compensation statute entirely. The details of this 1957 change are discussed in Senate Report, Calendar No. 1039, report 1016, 85th Congress, 1st session, which is the committee report on H. R. 4191. Under date of August 19, 1957, in particular, at pages 3, 5, 6, 8, 10, and 11, these matters are discussed.

I urge prompt consideration of the subject by the committee.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3841) to amend section 633 of title 28, United States Code, prescribing fees of United States commissioners, introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on the Judiciary.

AMENDMENT TO CIVIL SERVICE RETIREMENT ACT, TITLE V, SECTION 3 (1) OF UNITED STATES CODE

Mr. YARBOROUGH. Mr. President, I introduce for appropriate reference, a bill to amend the Civil Service Retirement Act in order to provide for the crediting of service of United States commissioners on the basis of one two-hundred-and-thirty-eighth of the year for each day's service.

The named amendment to section 2253 at section 3 (1) of the Civil Service Retirement Act, title 5, United States Code is designed for the purpose of including United States commissioners in general increases granted to other officials and employees of the United States Government under certain conditions of equitable procedure. I am advised that only 30 United States commissioners out of some 550 in the service of the United States earn sufficient remuneration to come under the provisions of the Civil Service Retirement Act. Hence, there is a justification for improving the position of the United States commissioners.

Under the present law, deductions of 6½ percent are made from the earnings of the commissioners without regard to the number of days of service. For example, a United States commissioner, on the basis of his fee earnings during a calendar year, may pay the sum of \$650 into a retirement fund. However, if he has served only 157 days of the

calendar year in which the \$650 has been deducted, he contributes on a 100-percent basis and receives credit for retirement purposes of only one hundred fifty-five three-hundred-thirteenth of a year, or only approximately 50 percent of his creditable time for that year. Measured against other comparable Federal service, this result is not a comparable and equitable return for United States commissioners. The general aspects of the problem are found in Senate committee report of August 19, 1957, which was filed as report No. 1016 to accompany H. R. 4191 at pages 3, 5, 6, 8, 10, and 11.

In summary, the discrepancies are deemed worthy of consideration in order to iron out various inequities under the present system of operation.

I request that the committee give prompt consideration to the problem.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3842) to amend the Civil Service Retirement Act so as to provide for crediting of service of United States Commissioners on the basis of one two-hundred-and-thirty-eighths of a year for each day's service, introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

PROPOSED LEGISLATION FOR ASSISTANCE TO INDEPENDENT SMALL BUSINESS

Mr. HUMPHREY. Mr. President, I am about to introduce three bills, and I ask unanimous consent that I may speak on them in excess of the 3 minutes allowed under the order which has been entered.

The VICE PRESIDENT. Without objection, the Senator from Minnesota may proceed.

Mr. HUMPHREY. I see present on the floor the distinguished chairman of the Select Committee on Small Business, the Senator from Alabama [Mr. SPARKMAN], who has given such wonderful leadership and direction to the efforts that are being made in Congress and elsewhere to strengthen and support legitimate small-business enterprises, which contribute so much to our American economy.

It is with considerable pleasure that I call attention to the businesslike manner in which Congress is addressing itself this year to the major legislative needs of the small-business community.

Longstanding small-business problems are being attacked in this session with a force and dedication of purpose that seems certain to produce successful results. Already Congressional committees have under intensive consideration such crucial legislative proposals as tax relief and equity financing programs for small business, S. 11, the equality of opportunity bill, and the premerger notification bill. Other legislation of an only slightly lesser importance, such as the plan to make the Small Business Administration a permanent guardian of small-business interests, is similarly being prepared for final action during this session. Truly, 1958

is rapidly taking shape in Congress as a year in which small business may confidently expect some important legislative benefits.

Under such favorable circumstances, I am encouraged to propose that Congress consider still another pressing problem of small business. I refer to the demoralizing impact which the growing decline of fair-trade competition is having upon small-business men throughout the country.

As will be recalled, I have treated the breakdown of fair-trade competition in several recent speeches here on the Senate floor. On those occasions, I referred to the many States in which fair-trade legislation had been held unconstitutional in whole or in part. I also called attention to the alarming competitive implications for small business contained in the abandonment of fair trade by General Electric, Sunbeam, Schick, Shaeffer Pen, Westinghouse, and others. And I warned against the very real possibility that 27 years of progress in protecting manufacturers, retailers, and consumers alike from the evils of cut-throat competition would be soon lost, should fair trade deterioration continue unchecked.

At the time of those speeches, I saw fair trade competition as being in trouble, but not critically so. I thought that sufficient time yet remained for my Subcommittee on Retailing, Distribution, and Fair Trade Practices to make an extended national survey of price-cutting activity on formerly fair-traded commodities. I also believed that my subcommittee's proposed public inquiry into the need for legislation to protect small business from destructive pricing practices could be safely deferred until after completion of the survey, perhaps, until after adjournment of this session.

However, certain events have taken place since to cause me to revise my plans. I have learned that two more States, Kansas and West Virginia, have had their fair trade statutes declared unconstitutional, thus bringing to 16 the number of States in which fair trade is at least partially inoperative. Of even greater significance in this respect has been the continuing defection from fair trade by former allies of the system, until now I think it would be difficult to name more than a score of companies still practicing fair trade. In contrast, only 2 months ago, there were hundreds of fair trading companies. Therefore, from a practical viewpoint, it would seem fair to say that fair trade competition has almost ceased to exist in the marketplace.

With so serious a competitive situation confronting the Nation's small-business men, it has become necessary to accelerate the search for the right solution. Accordingly, without waiting for completion of the survey of price-cutting activity, I am today announcing that my Subcommittee on Retailing, Distribution, and Fair Trade Practices of the Senate Small Business Committee will hold public hearings, beginning June 23 on ways to protect small-business men from anticompetitive pricing practices

such as loss-leader sales. These hearings will continue through June 24 and 25. Full opportunity to be heard on this vital subject will be given everyone, small-business men, government officials, and interested citizens, alike.

At this juncture it seems appropriate to turn briefly to the role played by fair trade in our economy. In my view, fair trade is a specialized competitive system which offers great practical benefits to qualified manufacturers, wholesalers and retailers, and the consuming public alike. The system assures the manufacturer of a stable market for his product. But it does not give him an unfair advantage or a monopoly because even with the protection of fair-trade legislation he is obliged to compete successfully with other manufacturers of the same or similar products. Should he fail to maintain the quality of his product, or if he sets the price too high, he loses out to competitors, fair trade notwithstanding. However, fair trade does protect his product from possible destruction as a result of loss-leader selling and irresponsible price cutting.

Fair trade benefits the retailer and the wholesaler, too, by placing him on an equal footing with all other retailers or wholesalers of the same branded or trademarked products, whether such competitors are large or small. Most importantly, his margin of profit is fixed to yield him a fair return and he is protected against destructive competition from others who might be disposed toward the vice of predatory price cutting.

The consumer, too, benefits from fair trade in a number of ways. He knows that the fair-traded product may be purchased at a standard price wherever he goes to buy it. Fair trade eliminates the necessity for shopping around. He knows that the price is reasonable. By the very nature of fair-trade laws, a price fixed product cannot survive in the market place unless it competes successfully with similar items produced by other manufacturers. Fair trade also assures a consumer that an outstanding product will remain on the market. It will not be lost to the consumer through destructive price tactics. Furthermore, the consumer must recognize that both in theory and as a matter of experience unrestricted price cutting leads inevitably to monopoly. Thus, the short-term benefits which a consumer may feel he is getting from a so-called bargain price will be canceled out as soon as a monopolistic situation is created. As Mr. Justice Holmes observed in the celebrated *Dr. Miles* case:

I cannot believe that in the long run the public will profit by . . . permitting knaves to cut reasonable prices for some ulterior purpose of their own and thus to impair, if not destroy, the production and sale of articles which it is assumed to be desirable that the public should be able to get.

In the light of these considerations, I introduce, for appropriate reference, a set of three bills intended to safeguard our Nation's small-business men from predatory and destructive price-cutting tactics. In taking this action, I am hopeful that public attention will be brought di-

rectly to bear upon the grave competitive threat which loss-leader selling and related pricing practices pose for small-business men. It is my desire to see stimulated among thoughtful people in all walks of life a free and open discussion of the proposed legislation and its general objectives. Once a full understanding is had of the basic competitive problems under attack, I am confident that a sound and constructive solution, consistent with the public interest, can be found.

Rather briefly, I shall now explain my legislative proposals for maintaining fair and orderly pricing practices.

The first bill has as its purpose the establishment of a federally sanctioned system of fair trade competition. In many respects it is similar to several bills now pending before the Interstate and Foreign Commerce Committee of the House of Representatives.

In scope and purpose, this bill closely resembles the various State fair trade laws. Each type of legislation has as its objective the authorization of resale price maintenance, that is, of fair trade competition. Each limits the right of resale price control to manufacturers having a trademarked or tradenamed product in free and open competition with similar commodities. Each authorizes private enforcement by injured parties. Each gives any qualified manufacturer a basic right to decide freely for himself whether or not he shall adopt a system of resale price maintenance. Moreover, each has a common interest in protecting a manufacturer's property right in his trademark or tradename from injurious pricing practices. It need hardly be added that each type of law finds its social and economic justification in the maintenance of a vital and prosperous small-business community, free from the threat of ruinous price-cutting.

Joining with me as a cosponsor of the bill is the Senator from Wisconsin [Mr. PROXMIRE].

The second proposal is directed at the notorious loss-leader practice. Under this measure, such unethical practices would be suppressed by making it unlawful for a retailer to sell any commodity at less than his "delivered cost." As defined in the bill, the term "delivered cost" means invoice cost, less discounts, and includes all transportation costs and applicable taxes.

As in the case of the Federal fair-trade bill, enforcement of the provisions of this bill would also lie with private parties. Such action may be undertaken by any person damaged by a "loss-leader practice which affects interstate commerce."

I should also like to note that this is the same bill which was introduced in 1952, when Congress was considering the legislation which was to become the *McGuire Act*.

At that time I recall there were many Members of both Houses who expressed a warm regard for the bill. I would greatly appreciate their joining me and my cosponsors, the Senator from Louisiana [Mr. LONG], the Senator from Oregon [Mr. MORSE], the Senator from Wisconsin [Mr. PROXMIRE], and the Sen-

ator from Pennsylvania [Mr. CLARK], in support of the measure at this time.

The third proposal would amend section 2 of the Robinson-Patman Act by adding a provision to prohibit "sales at unreasonably low prices where the effect is to destroy competition or to eliminate a competitor." This measure is intended to be a civil counterpart to the somewhat similar provision now found in the criminal prohibitions of section 3 of the Robinson-Patman Act. The need for such protection against predatory pricing practices has long been recognized.

Cosponsoring this bill with me are Senators LONG, MORSE, and PROXMIRE.

In commending these legislative proposals to the earnest consideration of my colleagues, I am reassured by a knowledge of the sympathetic treatment which Congress has traditionally accorded the problems of small business. Through the years, Congress has been always willing to take whatever action was necessary to protect small-business interests. Such efforts have been evidenced particularly in the area of legislation prohibiting destructive pricing practices.

All of us are familiar with the important role played by Congress in the development of fair trade competition. As far back as 1936, Congress was moving constructively to aid fair trade at the Federal level. At that time, fair trade was relatively ineffective because of its inability to function in interstate commerce. To resolve the difficulty, Congress passed the Miller-Tydings Act. Again in 1952, when fair trade competition seemed destroyed by the Supreme Court's decision in the *Schwengmann* case, Congress proceeded to revitalize fair trade by passing the *McGuire Act*, a measure which expressly sanctioned enforcement of fair trade prices against nonsigning retailers. In addition, it may be pointed out, almost all of us in Congress have spoken publicly in praise of fair trade competition and its many practical benefits to all segments of our economy.

Largely as a result of the unique Federal exemptive status which Congress has established for fair trade, the system has won acceptance in the market places of the Nation. Manufacturers, wholesalers, retailers, and consumers, too, have come to recognize the advantages of fair-trade competition and now depend heavily upon its continued effective operation. Under such circumstances, it would seem that a moral relationship has sprung up between Congress which has fostered the development of fair-trade competition and the many citizens who have worked so energetically to translate the principles of fair trade into practice. In any event, Congress must carefully guard against breaking faith with those small-business men whose survival depends upon a strong and vigorous fair-trade system. Though this responsibility is indeed great, I am fully confident that Congress will discharge it as successfully as has always been done in the past.

I ask unanimous consent that the bills remain at the desk for the balance of the week to give an opportunity to other

Senators to associate themselves as co-sponsors of the measures.

The VICE PRESIDENT. The bills will be received and appropriately referred; and, without objection, the bills will lie on the desk, as requested by the Senator from Minnesota.

The bills, introduced by Mr. HUMPHREY (for himself and other Senators), were received, read twice by their titles, and referred, as indicated:

To the Committee on Interstate and Foreign Commerce:

S. 3850. A bill to amend the Federal Trade Commission Act, as amended, so as to equalize rights in the distribution of identified merchandise, introduced by Mr. HUMPHREY (for himself and Mr. PROXMIRE).

To the Committee on the Judiciary:

S. 3851. A bill to amend the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, and to amend the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890, for the purpose of prohibiting loss-leader sales, introduced by Mr. HUMPHREY (for himself, Mr. LONG, Mr. MORSE, and Mr. PROXMIRE); and

S. 3852. A bill to amend the Clayton Act to prohibit sales in commerce at unreasonably low prices where the effect may be to injure competition, introduced by Mr. HUMPHREY (for himself, Mr. LONG, Mr. MORSE, and Mr. PROXMIRE).

ACCESS TO ARMY ENGINEERS' RESERVOIRS FOR DEVELOPMENT OF NAVIGATION, RECREATION, AND INDUSTRY

Mr. NEUBERGER. Mr. President, when the Corps of Engineers builds a dam across one of our rivers, such as the Columbia River, the Federal Government necessarily acquires control of the land which will be flooded by the reservoir formed by the dam, and, along with it, acquires control over many miles of contiguous land which will form the banks of the reservoir. Thus, we find a paradoxical situation, in that the same Federal river projects which create opportunities for new industrial development in the form of navigation channels and low-cost power supplies also inhibit such development by limiting access to the river reservoirs.

Under current law and policies of the Corps of Engineers, the federally owned strip of property surrounding the reservoir may be conditionally leased for short terms for not more than 5 years, I believe; but it may not be sold or leased for long periods for industrial sites. Consequently, the navigation benefits of the extensive series of inland lakes being formed behind the great dams on the Columbia cannot easily be used as an attraction to bring new industries to sites along the river.

To the extent that any industrial facility is thus prevented from locating at or near the Columbia River, this represents a loss, not only to the States of Oregon and Washington, but also to the national objectives which justify such navigation projects.

During the past several months, a number of organizations in the Pacific Northwest have been working with mem-

bers of their Congressional delegations on proposals to facilitate access to the river sites which now are held by the Corps of Engineers along the reservoirs behind Federal dams. The informed people who have written and spoken to me about this problem include Alex L. Parks, for the Columbia River Development Association; Herbert G. West, of the Inland Empire Waterways Association; Irvin Mann, Jr., of the Port Commission of Umatilla, Oreg.; and Thomas J. White, an experienced admiralty attorney, of Portland. The port of Umatilla, for instance, is particularly interested in the arrangement of access to the McNary Pool, formed by the McNary Dam across the Columbia River near this city, and to the future pool which will be formed downstream by the John Day Dam, Biggs, and Arlington, Oreg.

To solve this problem for another port city on the Columbia—the port of Walla Walla, Wash.—Congress last year enacted a special bill, S. 2217, introduced by the distinguished senior Senator from Washington [Mr. MAGNUSON] for just that single situation. The Senator from Washington and I have since been working together on the question of finding a formula that would authorize a solution for all similar situations on the Columbia River, and, indeed, on other rivers on which reservoirs are built and operated by the Corps of Engineers. We have had correspondence on this question with the interested parties in the Pacific Northwest and with the Corps of Engineers.

Today, the Senator from Washington and I are introducing two bills, cosponsored by both of us and by our colleagues from Washington and Oregon, that will place before the appropriate Senate committee two alternative drafts of proposed legislation to authorize the Secretary of the Army to make dispositions of federally held real property along these reservoirs for industrial, navigational, recreational, and other purposes. I ask unanimous consent that the text of these two bills be printed in the Record, following my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. NEUBERGER. Mr. President, although I am not absolutely sure that either of these bills wholly answers all questions that may be raised with respect to the policies which should govern the use and disposition of the reservoir-bounding lands held by the Corps of Engineers, I do believe that they will form a good basis for analysis of the problem and for ultimate action on it.

One particular question which has been stressed by the Port of Umatilla and others in Oregon who are interested in having public bodies eligible to acquire property rights on these federally held pool banks, arises from the Oregon law which governs such property acquisition by public bodies. Section 777.185 of the Oregon Revised Statutes provides that—

No port in this State organized or created under any general or special law shall purchase any lands without first appointing three disinterested appraisers. The appraisers shall fix the fair value of the lands pro-

posed to be purchased. No purchase shall be made at a price higher than such appraised value, but if the lands cannot be purchased at a price not exceeding such appraised value, the lands shall only be subject to acquisition by condemnation. This section, however, does not require any port to purchase any such lands at the appraised value, nor shall such appraisement be admitted in evidence in any condemnatory proceeding.

The Attorney General of Oregon has expressly ruled that this section would apply to purchases from the Federal Government, as well as to all others.

With respect to the point of determining the price—which under section 4 of my bill must in each case reflect fair value—my bill would simply provide, in section 4 (b), that "a sale may be made upon such terms as the Secretary of the Army may approve"—assuming, of course, that the sale otherwise complies with the other provisions of the bill.

This provision contemplates that a port commission in Oregon, or any other municipal body, anywhere, that is subject to similar State laws, may proceed to have the Federal property in question appraised under the procedures required by the applicable State law. The commission can then make, to the Secretary of the Army, an offer based upon that appraisal; and if the Secretary approves the proposed price, the transaction may be completed. If he does not, presumably there will be no agreement and no sale, unless the State or local agency subsequently submits a new proposal based on a later appraisal. The law cannot, after all, force a buyer and a seller to agree—nor, in the case of two levels of government in our Federal system, will the law force one to accept a price determined by a means chosen by the other.

The legitimate interest of public bodies with respect to access to river reservoirs for public purposes are provided for in the second sentence of section 3 of my bill, which reads:

In order to insure that the property involved shall be utilized for the benefit of the general public, he shall at all times, in any such sale, lease or grant of easement, give preference and priority to public bodies.

I also want particularly to stress that among the facilities which would come within the purposes of general benefit to the public there is included the use of land for recreational areas, as well as the use of land for fish hatcheries and other wildlife conservation programs, and that under section 10, this bill would have to be administered consistently with existing conservation policies.

In conclusion, Mr. President, I ask unanimous consent to have printed in the Record a valuable memorandum, dated October 15, 1957, prepared for me by the Columbia River Development Association. The bill I am introducing was drafted by the Senate Legislative Counsel on the basis of a proposed draft submitted to me by that association. I understand that the bill of the Senator from Washington [Mr. MAGNUSON] is based on a draft by the Corps of Engineers. I hope we may have, from the executive agencies, early reports on both bills, and that the committee will collect

the views of other interested parties, so that a bill on which there is general agreement can be reported to the Senate and can be enacted.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

LACK OF INDUSTRIAL SITES ON DAM POOLS ON THE COLUMBIA RIVER

(Statement presented at conference with Senator RICHARD L. NEUBERGER, The Dalles, Oreg., October 15, 1957, Columbia River Development Association)

Few people realize that restrictive land-use policies of the Federal Government are completely hamstringing industrial development on most of the Columbia River. Until this situation is corrected, industrial development on the Columbia River will, for the most part, be effectively prohibited. This situation was created over the years in a peculiar fashion:

In the process of constructing multipurpose projects on our navigable rivers, the Federal Government either purchases outright or acquires easements over the contiguous shorelands inundated when the water level is raised.

Initially the policy of the Government for the most part was to secure flowage easements under the terms of which local landowners granted to the Federal Government the right to inundate their lands which lay in the area of the new dam pool. Such easements also empowered the Federal Government to flood adjacent lands periodically and to raise or lower the pool level to some degree in conjunction with its program for navigation, flood control, irrigation, and power production. Most of the land behind Bonneville Dam flooded permanently or periodically was covered by these flowage easements and little or no effort was made by the Federal Government to secure fee title except where it proposed to erect permanent structures such as, for example, the locks bypassing Bonneville Dam.

Apparently, however, when land acquisition was underway in connection with the construction of McNary Dam, the Federal Government began where possible to acquire fee title of the flooded lands rather than mere flowage easements over them. This policy was perpetuated in the acquisition of lands which were flooded after the completion of The Dalles Dam. (The records of the Portland and Walla Walla districts, Corps of Engineers, disclose which lands are actually owned by the Federal Government behind Bonneville, The Dalles, and McNary Dams and which are merely covered by flowage easements.)

Most industrial plants require, in addition to an economical source of power—

- (a) A location near abundant sources of water for industrial purposes;
- (b) A location which is on or adjacent to water, rail and truck transportation;
- (c) A location reasonably close to abundant sources of labor; and
- (d) A favorable climate with respect to such factors as taxes, recreation (for its labor force), freight rates, and so forth.

Requirements (a) and (b) above ordinarily would be met most satisfactorily by these areas of land directly behind mainstem dams on the Columbia River. Water is relatively abundant and existing highway and rail installations are close and can be economically utilized. Cheap water transportation is provided by the river itself. However, the site selected must be either on or contiguous to the river so that raw materials and products can be transhipped to and from the plant to water transportation equipment. This necessarily requires that such plants be located not more than 1,000 feet from the river proper, and preferably as close as possible consistent with the threat

of flooding during periodic rises of the river. This threat has appreciably diminished as new upstream storage dams have been completed.

It will be readily seen that since the Federal Government either owns or controls most of the waterfront lands along the Columbia River, it is to the Federal Government that industries must look to acquire sites for their plants. Unfortunately, the Federal Government at the present time has only very limited authority to lease, sell, or grant easements over public lands.

Until August 10, 1956, the Federal Government under title 43, United States Code annotated, section 931 (b) was empowered to grant easements for rights-of-way, gas and oil pipelines, and so forth, to private as well as public bodies, subject to certain reservations for revocation in the event of a national emergency. Leases could be granted for relatively long terms, subject to the same right of revocation if the same were advertised and public bids solicited.

On August 10, 1956, the Congress repealed title 43, United States Code Annotated, section 931 (b) and related statutes, and in lieu thereof enacted title 10, United States Code Annotated, section 2667 through title 10, United States Code Annotated, section 2669, inclusive. Under title 10, United States Code Annotated, section 2667, the Secretary of any Military Department is empowered to lease to private parties upon such terms as he considers will promote the national defense or be in the public interest, real or personal property under the control of his department which is:

- (a) For the time being not needed for public use; and
- (b) Is not excess property as defined by title 40, United States Code Annotated, section 472.

The statute also requires that the lease not be granted for more than 5 years unless the Secretary concerned determines that a lease for a longer period would promote national defense or be in the public interest. Furthermore, the lease is revocable by the Secretary, or his successor, during a national emergency declared by the President.

This association fully recognizes that public lands must be administered in the public interest. The association also recognizes that the Federal Government could scarcely be expected to lease, or grant long-term easements over public lands which are needed by the Federal Government in carrying out its powers and responsibilities. However, in so doing, the Federal Government must not unreasonably hamper the ability of industry to secure industrial sites on which to erect its plants and facilities.

The existing statutes are objectionable for the following specific reasons:

- (1) An inordinate amount of time is required to process applications for leases and easements through the maze of Federal agencies and officials who must make findings that are consonant with the requirements imposed by the statutes.
- (2) The vast discretion vested in the Secretary of the military department with respect to leases on such terms as he considers will promote the national defense or be in the public interest makes it impossible to predict with any degree of accuracy whether or not a lease application will be entertained or not, and if so, what terms will be required by the Federal government.
- (3) The basic 5-year term lease permitted by statute is far too short a term for any industry, large or small, to consider. This means that every applicant for a long term industrial site lease must satisfy the cognizant secretary that granting the lease would promote the national defense or be in the public interest. What exactly does this mean? Must the industry involved be engaged, directly or indirectly, in the manufac-

ture of munitions or other military production? Is a shirt factory, a lumber mill, or a refinery in the public interest?

(4) The policy of the Corps of Engineers at present with respect to leases and/or easements on the Columbia River is that no permanent structures can be built on the lands leased or over which easement rights are granted. Without intending to be facetious, it is difficult to understand how any industry can build a plant or erect any kind of industrial facilities unless the construction is relatively permanent in nature. No clear definition of what the Corps of Engineers means by permanent has been made, but it is assumed that what is meant is that the structures which are built must be removable within a matter of hours in the event the government decides to raise the level of the pool in question. The association submits that the Government can achieve the same protection by merely stipulating that the lessee or grantee waives any claim for damages to structures erected in the event the Government elects to raise the level of the pool, and that the prohibition against permanent structures is unreasonable and unrealistic.

(5) The right of the Federal Government to revoke any such lease in time of national emergency is, of course, a basic necessity. No one disputes this. For example, if the Federal Government found it necessary during a national emergency to commandeer an industrial site to erect a plant for the production of atomic bombs, no one could seriously contend that it should be required to reimburse the industry located there for damages even though the industry itself was in possession of the land under a lease from the Federal Government.

Unfortunately, however, precipitous action during World War I and World War II on the part of the Government in seizing private property and revoking rights previously granted has made private industry (and particularly the financier backing those industries) understandably reluctant to spend millions of dollars on plant construction which may be completely lost through the whim of a government secretary in revoking a lease or easement.

The problem is, of course, to establish law and procedures whereby industries can acquire essential Government lands under long-term leases with some reasonable assurance that the leasehold interest will not be arbitrarily and summarily revoked, while at the same time imposing such reasonable restrictions as will protect the public interest, in times of war or peace.

Moreover, it appears that the problem is acute only in certain areas of the United States, notably where large Federal projects have preempted available industrial sites, such as the Pacific Northwest and the Tennessee Valley.

This association, therefore, respectfully submits the following suggested alternative program:

ALTERNATIVE NO. 1

(1) The creation of an established, long-range policy on the part of the particular governmental official or agency in overall control of the critical areas involved, whereby industries desiring to locate in such areas can proceed intelligently and with expedition. Specifically, and with particular emphasis on the Columbia River problem, this policy should be formulated as follows:

(a) The Corps of Engineers should hold public hearings to develop the basic requirements of industry on the one hand, and the Government on the other in the Columbia Basin;

(b) Such hearings should be held as soon as possible as the situation is now acute;

(c) Based on such hearings, a policy declaration should be formulated and disseminated as soon as possible.

The association believes that the statement of basic policy should and would be substantially along the following lines:

That the Corps of Engineers, having found that the public interest would be served, will entertain applications for leases covering industrial sites along the waterfront of all pools on the Columbia River on the following basis:

(a) A lease term of not less than 25 nor more than 50 years, with a right to renew for an additional like period;

(b) The lessee must agree to commence construction in not less than 5 years;

(c) The rental charged will be commensurate with the value of the land in its unimproved state and can be paid on a year-to-year basis. (Policy now is to require that the rental or charge for the entire period must be paid in advance at the time the lease or easement is granted.)

(d) While the lease or easement may be revoked in time of national emergency, the Government will exercise its right of termination only if the leased area is:

(i) Directly essential to the Government in meeting such national emergency, or

(ii) Absolutely required by the Government for the erection of defense plants or structures.

Furthermore, if the Government commandeers the plant erected by the industry in time of national emergency, it will pay reasonable compensation therefor, notwithstanding the fact that the plant is located on Government-controlled lands.

(e) The lessee shall have the right to erect such structures on the leased land as it deems necessary, whether permanent or temporary.

ALTERNATIVE NO. 2

That the Congressional delegations from Oregon and Washington (and other affected States) introduce legislation which would give the Federal Government authority to lease lands or grant appropriate easements substantially along the same lines as that recommended with respect to an intelligent policy on the part of the Corps of Engineers.

THE VICE PRESIDENT. The bill will be received and appropriately referred; and without objection, the bills introduced by the Senator from Oregon and the Senator from Washington [Mr. MAGNUSON] will be printed in the RECORD.

The bill (S. 3853) to authorize the Secretary of the Army to sell or lease, or grant easements in, over, and upon, real property of the United States which is part of a dam and reservoir project, introduced by Mr. NEUBERGER (for himself, Mr. MAGNUSON, Mr. MORSE, and Mr. JACKSON), was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That when used in this act—

(1) The term "person" means any individual, partnership, association, or corporation.

(2) The term "public body" means any State, county, city, town, port district or other municipal corporation, and includes cooperatives.

(3) The term "property" means real property bordering on, contiguous to, or touching the waters of the reservoir of any dam under the jurisdiction of the Secretary of the Army.

(4) The term "facility" means any plant, factory, terminal, manufacturing establishment, commodity conveying system or wharf, dock or pier, recreational area or dams, reservoirs, hatcheries and other improvements in connection with fish and wildlife programs.

SEC. 2. In recognition of the fact that the United States as an incident to the construction of dam and reservoir projects on many rivers has acquired or holds ownership of substantial amounts of property bordering on or contiguous to said rivers and that persons and public bodies must be permitted to avail themselves of the benefits of such projects by the erection of facilities, it is hereby declared to be the policy of the United States to foster the development of such facilities and encourage employment opportunities in connection therewith by selling or leasing, or granting easements for access over, in, or upon, such property, insofar as consistent with conservation and other objectives of such projects.

SEC. 3. The Secretary of the Army is authorized to sell or lease, or to grant easements in, over, and upon, any parcel or part of property under his control to any person or public body for use in connection with facilities consistent with the policy of this act. In order to insure that the property involved shall be utilized for the benefit of the general public, he shall at all times, in any such sale, lease or grant of easement, give preference and priority to public bodies.

SEC. 4. Sales, leases, and grants of easement under the provisions of this act shall be made at fair value and in accordance with the following:

(a) They shall be subject to such conditions, reservations, and restrictions as the Secretary of the Army may determine to be in the public interest or necessary to carry out the provisions of this act.

(b) A sale may be made upon such terms as the Secretary of the Army may approve.

(c) A lease may be made upon such terms as the Secretary of the Army may approve, but no lease may be for more than 50 years unless the Secretary of the Army determines that a lease for a longer period would promote national defense or be in the public interest. Every such lease shall give to the lessee the first right to buy the property if the lease is revoked to allow the United States to sell the property under this act or any other provision of law.

(d) Easements for rights-of-way over, in, and upon property may be granted by the Secretary of the Army to

(A) Any vendee or lessee of property sold or leased under this act to enable such vendee or lessee to use effectively the property so sold or leased; and

(B) Any person or public body for railroad tracks; oil and gas pipelines; substations for electric power transmission lines, telephone lines, and telegraph lines, and pumping stations for gas, water, sewer, and oil pipelines; canals; ditches; flumes; tunnels; roads and streets; facilities as herein defined; and any other purpose deemed by the Secretary of the Army to be of aid in carrying out the policy established in this act.

(e) Rentals under leases, and consideration paid for grants of easement, shall be payable on a year-to-year basis.

SEC. 5. The Secretary of the Army shall, before authorizing any sale or lease, or grant of easement over, in, or upon any part or parcel of property under his control, make a finding that the proposed sale, lease, or grant of easement will not be against the public interest, and shall require that the applicant agree that a facility will be erected thereon within a period of 3 years, or in the case of an easement that such easement will be used within such period for the purpose for which it was granted.

SEC. 6. Every lease or grant of easement under the provisions of this act shall reserve to the United States the right of revocation and termination, and title of every vendee under a sale under such provisions shall be

subject to a right of reverter to the United States, upon the:

(a) Failure of the vendee, lessee, or grantee to comply with the terms of the sale, lease, or grant of easement;

(b) Nonuse of the property for a 3-year period;

(c) Abandonment; or

(d) Proclamation of the President of the United States of the existence of a national emergency and a finding by the Secretary of the Army that the particular part or parcel sold, leased, or encumbered by easement is absolutely required in the interest of national defense.

SEC. 7. (a) The Secretary of the Army may make such regulations as may be necessary to carry out the provisions of this act.

(b) Prior to the sale or rental of, or grant of easement in, any land under the provisions of this act the Secretary of the Army shall give such public notice as may be reasonably necessary to give all interested parties in the general vicinity of such land an opportunity to apply for such sale, rental, or grant of easement.

SEC. 8. Money received by the United States from sales, leases, or grants of easement under this act shall be covered into the Treasury as miscellaneous receipts.

SEC. 9. The interest of a lessee of property under the provisions of this act or the interest of a grantee under such provisions of an easement over, in, or upon property, may be taxed by any public body having jurisdiction thereof.

SEC. 10. Nothing in this act shall amend or modify any provision of section 4 of the Flood Control Act of December 22, 1944, as amended (16 U. S. C. 460d) or the act of March 10, 1934 (the Coordination Act), as amended (16 U. S. C. 661-666c); and this act shall be administered consistently with the policies of those provisions.

The bill (S. 3854) to authorize the Secretary of the Army to sell lands at dam and reservoir projects to State and local agencies for port development, or recreational or industrial facilities, introduced by Mr. MAGNUSON (for himself, Mr. JACKSON, Mr. NEUBERGER, and Mr. MORSE) is as follows:

Be it enacted, etc., That notwithstanding any other provision of law, whenever the Secretary of the Army determines that the development of public port or recreational facilities, or industrial facilities on land, which is part of a dam and reservoir project under his jurisdiction, will be in the public interest and in furtherance of the objectives and purposes of the project, he may convey such land to a political subdivision of a State or to a port district, port authority, or other body created by a State or through a compact between two or more States, for the purpose of developing or encouraging the development of any or all of such facilities. In any case where two or more political subdivisions of, or bodies created by, a State seek to obtain the same land, the Secretary of the Army shall give preference to that political subdivision or body whose intended use of the land will best promote the purposes for which the project of which such land is a part was authorized.

SEC. 2. Any conveyance authorized by this act shall be made at the fair market value as determined by the Secretary of the Army, and upon condition that the property shall be utilized only in accordance with the provisions of the first section of this act. The Secretary of the Army shall include in the deed of any such conveyance any terms, conditions, reservations, and restrictions he determines to be necessary for the development, maintenance, or operation of the project involved and as may otherwise be in the public interest or necessary to carry out the provisions of this act.

SEC. 3. Prior to the conveyance of any land under the provisions of this act the Secretary of the Army shall give such public notice as may be reasonably necessary to give all interested eligible bodies in the general vicinity of such land an opportunity to apply for the purchase of such land.

SEC. 4. The proceeds from any conveyance made under the provisions of this act shall be covered into the Treasury as miscellaneous receipts.

AMENDMENT OF SHIPPING ACT, 1916

Mr. BUTLER. Mr. President, I introduce, for appropriate reference, a bill to amend the Shipping Act, 1916, in order to make lawful under the provisions of that act a special rate granted in return for an exclusive contract with a shipper. I ask unanimous consent that a statement relating to the bill, prepared by me, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 3857) to amend the Shipping Act, 1916, in order to make lawful under the provisions of such act a special rate granted in return for an exclusive contract with a shipper, introduced by Mr. BUTLER, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The statement presented by Mr. BUTLER is as follows:

STATEMENT BY SENATOR BUTLER

The Supreme Court has today handed down a decision which shatters the traditional and time-honored conference system of ratemaking for ocean shipping. This decision affirms the judgment of the Court of Appeals for the District of Columbia in the case of *Federal Maritime Board v. Isbrandtsen Company, Inc., et al.* and *Japan-Antic and Gulf Freight Conference, et al. v. United States, et al.*

In my considered view, these decisions will create a confusion and result which is contrary to the intent of the Congress in the enactment of the Shipping Act, 1916. Justices Frankfurter and Burton, in their joint dissenting opinion, put the problem in this perspective:

"The Court today holds that any dual system of international steamship rates tied to exclusive patronage contracts that is designed to meet outside competition—howsoever justified it may be as a reasonable means of counteracting cut-throat competition—violates section 14 of the Shipping Act of 1916 and cannot be approved by the Federal Maritime Board pursuant to section 15 of that act. The Court thus outlaws a practice that has prevailed among international steamship conferences for half a century, that is presently employed by at least half of the hundred-odd conferences subject to Board jurisdiction, and that has been found by the Board in this case to decrease the probability of ruinous rate wars in the shipping industry. In doing so, the Court does more than set aside a weighty decision of the Federal Maritime Board. It could do so only by rendering meaningless two prior decisions in which this Court respected the power given by Congress to the Board, within the usual limits of administrative discretion, to approve or disapprove such agreements."

Except in one particular, Justice Harlan also agreed with this dissenting opinion.

To insure that the difficulties which most certainly will now ensue in respect to ratemaking will be minimized and clarified, I believe that the Shipping Act, 1916, should

be amended "to make lawful under the act a special rate granted in return for an exclusive contract with a shipper."

PURCHASE AND DONATION OF FLOUR AND CORNMEAL FOR CERTAIN PURPOSES

Mr. THYE. Mr. President, I introduce, for appropriate reference, a bill authorizing the Commodity Credit Corporation to purchase flour and cornmeal and donating them for certain domestic and foreign purposes. I ask unanimous consent that a statement relating to the bill, prepared by me, be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 3858) authorizing the Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes, introduced by Mr. THYE, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The statement presented by Mr. THYE is as follows:

STATEMENT BY SENATOR THYE

I offer for introduction a bill to authorize the Commodity Credit Corporation to purchase flour and cornmeal and to donate these purchased commodities for domestic and foreign purchases.

According to the present provisions of Public Law 480, the Commodity Credit Corporation is required to process stocks of its wheat and corn into flour and cornmeal for purposes of donation. These donations are made domestically to (1) the school-lunch program, (2) to needy persons under State welfare programs, and (3) to certain qualified institutions such as hospitals and juvenile correctional schools. Foreign donations are made through nonprofit voluntary agencies such as religious groups and CARE to needy persons in foreign countries.

I am informed that under the present administrative requirements about 10 days are required to process the bids which are advertised and let to milling interests to produce flour and cornmeal from the stocks of the Commodity Credit Corporation. When a milling project is advertised for bids, I am informed that as many as 90 different destinations might be involved and firms throughout the Nation respond to the bid requests. The result is that the Grain Division of the Commodity Stabilization Service is faced with the task of processing as many as 5,000 bids with various destinations by various firms. This situation is further complicated by the fact that when the bids are advertised it is not always possible for the Department to know just where the wheat or corn will be available for shipment to the selected bidder.

The proposal which I offer for introduction would authorize the Commodity Credit Corporation to go into the market and purchase flour and cornmeal directly without having to go through this complicated process of advertising for milling bids. The Department advises me that the processing of direct sales bids would require about only 4 days as compared to the present 10. The simplification of administrative procedures involved hardly needs emphasis.

With the recent announcement that the export subsidy-in-kind program is being extended to corn and feed grains in addition to the wheat program, we have succeeded in removing to a great extent the activities of the Commodity Credit Corporation in the

grain export business. The export of surplus commodities has been returned to the normal channels of the grain trade.

I suggest now that we take this further step which would take the Commodity Credit Corporation out of the milling business. Why now allow our surplus corn and wheat move through the normal grain trade and milling channels instead of incurring the additional administrative and storage costs involved in moving these grains into Government storage and then out again for processing. I suggest that the authorization provided in my proposal will attack the commodity surplus program before it moves into Government storage to the extent that donations may be made to domestic and foreign outlets.

This authorization can be adopted without increasing the level of trade activities engaged in by the Commodity Credit Corporation. We should look toward deemphasizing the commercial activities of the CCC and, although this proposal is a step in the right direction, I certain do not want it to be looked upon as a change which might later lead to increased trade activities.

ADDITIONAL FACILITIES FOR TRAINING OF UNITS OF RESERVE COMPONENTS OF ARMED FORCES

Mr. RUSSELL. Mr. President, by request on behalf of myself, and the Senator from Massachusetts [Mr. SALTONSTALL], I introduce, for appropriate reference, a bill to provide additional facilities necessary for the administration and training of units of the Reserve components of the Armed Forces of the United States. This bill is requested by the Department of Defense, and is accompanied by a letter of transmittal, explaining the purposes of the bill. I ask unanimous consent that the letter of transmittal be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3863) to provide additional facilities necessary for the administration and training of units of the Reserve components of the Armed Forces of the United States, introduced by Mr. RUSSELL (for himself and Mr. SALTONSTALL), by request, was received, read twice by its title, and referred to the Committee on Armed Services.

The letter presented by Mr. RUSSELL is as follows:

THE SECRETARY OF DEFENSE,
Washington, May 1, 1958.

HON. RICHARD M. NIXON,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of proposed legislation "To provide additional facilities necessary for the administration and training of units of the Reserve components of the Armed Forces of the United States," together with a sectional analysis thereof.

This proposal is part of the Department of Defense Legislative Program for 1958, and has been approved by the Bureau of the Budget. The Department of Defense recommends that it be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The National Defense Facilities Act of 1950 (Public Law 783, 81st Cong.) authorized the acquisition and construction of facilities for the Reserve components of the Armed Forces, which authorization was amended by Public Law 302 of the 84th

Congress and Public Law 85-215. Permanent provisions of the foregoing legislation have been codified in chapter 133 of title 10, United States Code, or are included in pending amendments thereto.

Report No. 696, House of Representatives, 85th Congress, 1st session, based on hearings before the Committee on Armed Services preceding enactment of Public Law 85-215, stated that sufficient increase in the general authorization for facilities for the Reserve components would be provided for fiscal year 1958, but that thereafter "the Department of Defense should request annual authorizations on a line-item basis." The proposed legislation would provide such specific project authorization for fiscal year 1959, together with certain other provisions necessary to effect the transition from the general authorization heretofore granted by the Congress to the line-item type required for future programs.

The proposed legislation is premised upon retention of the provisions of chapter 133 of title 10, United States Code, to the fullest extent compatible with the expressed intent of the Congress. The only substantive amendment of that chapter would be the deletion of the requirement for "consultation" with the Armed Services Committees with respect to the projects to be undertaken by the Secretary of Defense, and substitution thereof of a provision requiring authorization by law of specific projects, with certain exceptions.

The proposed legislation would authorize specific projects for the Naval Reserve, the Marine Corps Reserve, the Air Force Reserve, and the Air National Guard. Additional authorization is not requested for the Army Reserve and Army National Guard inasmuch as projects heretofore authorized and appropriated for, but remaining unconstructed, are sufficient in number to cover the approved obligation program of construction during fiscal year 1959 for both of these Reserve components.

COST AND BUDGET DATA

Enactment of this proposed legislation would authorize the appropriation of funds for specific line items in the amount of \$11,892,000 for the Department of the Navy; \$6,272,000 for the Air Force Reserve; and \$11,976,000 for the Air National Guard of the United States, of which \$8 million is included in the President's budget for fiscal year 1959 for the Department of the Navy, an undetermined amount not exceeding \$6,272,000 for the Air Force Reserve, and \$9,600,000 for the Air National Guard of the United States.

Sincerely yours,

DONALD A. QUARLES.

(2 Inclosures: 1. Draft bill, 2. Sectional analysis.)

SECTIONAL ANALYSIS OF A BILL TO PROVIDE ADDITIONAL FACILITIES NECESSARY FOR THE ADMINISTRATION AND TRAINING OF UNITS OF THE RESERVE COMPONENTS OF THE ARMED FORCES OF THE UNITED STATES

Section 1 (1) amends section 2233 (a) of title 10, United States Code, so as to delete the present requirement for consultation with the Armed Services Committees, since a later subsection establishes a requirement for line item authorization.

Section 1 (2) adds two new subsections, 2233 (e) and 2233 (f). Section 2233 (e) authorizes the Secretary of Defense to procure advance planning, construction design, and architectural services in connection with reserve facilities which have not been specifically authorized by line item. Similar authority with respect to public works is contained in section 504 of Public Law 155, 82d Congress, as amended by section 512 of Public Law 161, 84th Congress. Section 2233 (f) provides that facilities for reserve forces shall not be considered "military public works"

within the meaning of those provisions of military construction authorization acts which repeal prior authorizations for public works. Thus, section 506 of Public Law 85-241 repeals authorizations for public works contained in acts approved before July 28, 1954, but by subsection 4 excepts from such repeal authorizations contained in sections 2231-2238 of title 10. Section 1 (2) of the subject bill would eliminate any possible question as to the necessity for annual inclusion of a savings clause to prevent the repeal of chapter 133.

Section 1 (3) adds a new section 2233a to provide that no expenditure or contribution that is more than \$50,000 may be made unless the facility has been authorized by a line item. This section also provides two permanent exceptions to the requirement for line item authorization: (a) leases are exempted, so that the new procedure will conform to the present procedure, under which consultation is not effected with respect to leases; and (b) the restoration or replacement of facilities damaged or destroyed is also exempted from the line item requirement, as it is under section 407 of Public Law 968, 84th Congress.

Section 1 (4) amends the analysis of chapter 133 to include section 2233a.

Section 2 contains two technical amendments. Subsection (a) amends section 3 of the National Defense Facilities Act so as to delete the limitations on money authorization and time. Since facilities for reserve forces will henceforth be authorized by line items in statutes which contain their own money authorization, the limitations now contained in the National Defense Facilities Act will be deleted for additional clarity.

Subsection (b) amends section 3 (a) of the National Defense Facilities Act of 1950, as amended. This section provides that appropriations otherwise available for the payment of rentals may be used to lease property for the purposes of the act without regard to the monetary limitations of the act. However, since the monetary limitations would be repealed by section 2 (a), this reference to it should be eliminated.

Section 3 authorizes the Secretary of Defense to establish or develop the facilities listed therein. Authority is also provided for facilities made necessary by changes in the assignment of weapons or equipment to Reserve forces units, if the Secretary of Defense or his designee determines that the deferral of such facilities would be inconsistent with the interests of national security, and he notifies the Armed Services Committee of the Senate and the House of Representatives of the nature and estimated cost of any such facility. This will provide for facilities of an emergency nature, similar to those authorized by section 302 (b) of Public Law 968, 84th Congress, as amended, although the criteria used by the present bill are considerably more stringent.

Section 4 provides certain exceptions to the requirement of line item authorization. These exceptions are of a temporary nature, and are therefore stated separately from those permanent exceptions which section 1 (3) of the bill makes a part of title 10 of the United States Code. These temporary exceptions are (a) those facilities which have been the subject of consultation with the Armed Services Committees of the Senate and the House of Representatives before July 1, 1958, where they are under contract before July 1, 1960, and are funded from appropriations made before the bill is enacted; and (b) those facilities authorized by the emergency provisions of section 3 (3) of the bill.

Section 5 authorizes the Secretary of Defense to establish or develop installations or facilities under the act, without regard for sections 3648 and 3734 of the Revised Statutes. Section 3648, which has been codified as section 529 of title 31, United States Code, prohibits advance payments except where they are specifically authorized. This sec-

tion is regularly waived in military construction authorization acts in order to make provision for situations where advance payments are necessary, as for example where utility lines of a private company are extended at Government cost. Although such initial payments are ultimately recouped through deductions from payments for utility services, they are, in the strict sense, advance payments, and a waiver is therefore necessary.

Section 3734 of the Revised Statutes, which has been codified as sections 259 and 267 of title 40, United States Code, provides, first, that money paid for a public building shall not exceed the amount specifically appropriated therefore, and, second, that no money shall be spent for any public building until sketch plans, outline descriptions, and detailed cost estimates have been made by the Administrator of General Services. Both of these statutory provisions have been waived in military construction authorization acts, the first one because the requirement that the amount spent not exceed the amount specifically appropriated is deemed inconsistent with those provisions authorizing a variance in total cost as is provided by section 7 of the subject bill. The requirement for plans, descriptions, and cost estimates has also been waived in military construction acts as constituting too great a burden on the General Services Administration. Similarly, the provisions of sections 4774 (d) and 9774 (d), which generally require the submission of detailed cost estimates for permanent structures, have been waived for the reason that in many cases such estimates are not available until the project has been authorized by Congress. Section 5 of the bill further authorizes the placing of improvements on land before the Attorney General's opinion is obtained establishing title to the land, as is required by section 355 of the Revised Statutes. This waiver does not mean that the Attorney General's opinion is not obtained, but merely that urgent construction may proceed before a formal opinion is rendered. Section 5 also authorizes the performance of various actions which are necessary to carry out the purposes of the act.

Section 6 authorizes the appropriations necessary to carry out the purposes of the bill.

Section 7 authorizes the Secretary of Defense to increase the cost of any project by 15 percent, provided that the total costs set forth in section 6 are not exceeded.

PROPOSED AMENDMENT OF CONSTITUTION, RELATING TO DOUBLE JEOPARDY

Mr. THURMOND. Mr. President, I introduce, for appropriate reference, a joint resolution proposing an amendment to the Constitution of the United States relating to the plea of double jeopardy.

I ask unanimous consent that the joint resolution be printed in the Record at this point in my remarks.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be printed in the Record.

The joint resolution (S. J. Res. 175) proposing an amendment to the Constitution of the United States relating to the plea of double jeopardy, introduced by Mr. THURMOND, was received, read twice by its title, and referred to the Committee on the Judiciary, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each

House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. The double jeopardy provision of the fifth article of amendment to this Constitution shall not bar the retrial of a person for an offense of which he was convicted upon a former trial, if upon his own motion or upon appeal of his conviction he is granted the right to a new trial; and upon such retrial he may be convicted of any crime of which he could have been convicted upon his former trial for such offense.

"SEC. 2. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within 7 years from the date of its submission."

Mr. THURMOND. Mr. President, the Supreme Court in recent years has usurped the powers of Congress and the legislatures of the several States by repeatedly engaging in judicial legislation. Judicial rewriting of Congressional acts has become a common occurrence. Worse by far, however, are the increasingly frequent judicial amendments to the Constitution. The joint resolution I introduce today is necessary to undo one of the latest "unconstitutional" judicial amendments. This amendment was effectuated by five justices over the objection of four in the case of *Green v. United States* (335 U. S. 184, decided December 16, 1957).

William Green, the appellant, was indicted in the Federal District Court in the District of Columbia for arson and murder, the offenses having arisen out of the same incident—the death of a woman in the house which Green is alleged to have maliciously burned. On trial, Green was convicted of arson and murder in the second degree. The conviction of second degree murder was appealed by Green on the ground that there was no evidence to sustain a jury charge on, or a conviction of, second degree murder. In reversing and remanding the case for a new trial, the Court said:

In seeking a new trial at which—if the evidence is substantially as before—the jury will have no choice except to find him guilty of first degree murder or to acquit him. Green is manifestly taking a desperate chance. He may suffer the death penalty. At oral argument we inquired of his counsel whether Green clearly understood the possible consequence of success on this appeal, and were told the appellant, who is 64 years of age, says he prefers death to spending the rest of his life in prison. He is entitled to a new trial. (95 U. S. App. D. C. 45, 48, 218 F. 2d 856, 859.)

Upon retrial upon the indictment of first degree murder, Green was convicted and sentenced to death. Again he appealed to the circuit court, this time on the ground that he had been put twice in jeopardy of his life in violation of the fifth amendment to the Federal Constitution. The Court of Appeals, nine judges sitting en banc, affirmed the conviction and Green appealed to the Supreme Court.

The Supreme Court, by a minimum majority, in absolute disregard of the

expressed intention of the First Congress, which initiated the Bill of Rights, and in defiance of the doctrine of stare decisis, amended the double jeopardy clause of the Constitution and set aside the conviction of Green, on the ground that he had been put twice in jeopardy for the same offense.

Mr. President, the debate in the House of Representatives of the First Congress, in the Committee of the Whole on Madison's draft of the Fifth Amendment, leaves no doubt as to the intention of the Congress. As Justice Frankfurter pointed out in his able dissent in *Green* against United States, the members of the First Congress "evidenced a concern that the language should express what the members understood to be the established common-law principle. There was fear that, as proposed by Madison, it might be taken to prohibit a second trial even when sought by a defendant who had been convicted."

It was made clear, particularly in the remarks of Representative Benson of New York, the State which proposed this amendment, that the Congress did not intend any such result as reached in the *Green* case.

The Court cannot be excused on the basis that this was a decision of first impression. The Court clearly and succinctly set forth the controlling principle in the early case of *United States v. Ball* (162 U. S. 662), where it said:

It is quite clear that a defendant, who procures a judgment against him upon an indictment to be set aside, may be tried anew upon the same indictment, or upon another indictment, for the same offense of which he had been convicted.

The precise question here faced the Court in *Trono v. United States* (199 U. S. 521), at which time, the Court, in reaching the diametrically opposite result, said:

The constitutional provision was really never intended to, and, properly construed, does not cover, the case of a judgment under these circumstances, which had been annulled by the Court at the request of the accused.

Thus the Court not only fabricated an intent of Congress in the face of overwhelming evidence to the contrary, but also again ignored the wisdom and legal scholarship of the great Supreme Court Justices of the past by flagrantly violating the laudatory principle of stare decisis.

It is a shocking thing, in my opinion, that it should be necessary to adopt a Constitutional amendment to make that great document apply in the way that it has applied down through the years. The fact that the Constitution has been amended by a 5 to 4 vote of the Supreme Court should be something to alarm and dismay every citizen. I devoutly believe that the Constitution should be amended only by the processes set out in the Constitution itself.

The resolution which I offer today proposes an amendment to the Constitution, which would restore to the double jeopardy clause of the fifth amendment of that great document, the meaning which was originally intended, and which was adhered to by the court prior

to last December 16. In simple terms, it would insure that when a defendant is granted the right to a new trial on his own motion, he must accept the risks that accompany a new trial.

The effect of the *Green* case presents a clear danger to the interest of the American public. Once again the court has rationalized the release on society of criminals about whose guilt there can be no doubt. The decision is even more appalling, since decided by a 5 to 4 vote. Even were this an isolated instance, I would be alarmed. But this is not an isolated instance; it is an increasingly regular occurrence, and my alarm has long since ripened into intense concern, which I am sure is shared by many well informed persons. Recently, no less authority than the esteemed Judge Learned Hand made this comment on the legislative activities of the Supreme Court:

For myself, it would be most irksome to be ruled by a bevy of platonic guardians, even if I knew how to choose them, which I assuredly do not. If they were in charge, I should miss the stimulus of living in a society where I have, at least theoretically, some part in the direction of public affairs.

Of course, I know how illusory would be the belief that my vote determined anything; but, nevertheless, when I go to the polls, I have a satisfaction in the sense that we are all engaged in a common venture.

I am unable to determine what prompts the Court to reach such unprecedented, unwise, illegal, and unconstitutional decisions. Perhaps the reason lies somewhere in the loose system of appointment of professional assistants to the Justices. This system should certainly be reviewed by the Congress, as the distinguished junior Senator from Mississippi so ably pointed out in his remarks on this floor on last Tuesday.

Whatever the reason or reasons, it is imperative that Congress act to prevent our Government from becoming a government by men rather than a government by laws. The Court is presuming to act as a legislative body. As such, it is a chamber whose activities are not subject to Presidential veto; whose acts are not subject to the restraint of another legislative body. It is a legislative chamber which does not have to answer to the people on election day. By every standard of democracy, the Supreme Court is a body inherently unfit to produce legislation. The Court's legislative activities present the gravest problem confronting this country today.

There are other measures before the Congress to right other specific wrongs, and other measures to limit the Court to its judicial function. The *Green* case should give the Congress added incentive to hasten action on the measures. The amendment I have proposed today will right a specific wrong. I sincerely hope that it will receive favorable consideration of the Congress and the legislatures of the several States, so that this specific decision will be corrected and the Court warned to stay within its designated functions of adjudicating.

AMENDMENT OF TITLE II OF SOCIAL SECURITY ACT—AMENDMENT

Mr. PROXMIER. Mr. President, I submit an amendment in the nature of a substitute, intended to be proposed by me to the bill (S. 3086) to amend title II of the Social Security Act to raise the amount of insurance benefits payable thereunder, provide full benefits for women at age 62, raise the maximum amount of annual earnings with respect to which benefits thereunder may be based, provide for hospitalization insurance, eliminate any age requirement for eligibility for disability insurance benefits, provide insurance benefits for dependents of disabled individuals, and to otherwise revise, improve, and liberalize the insurance system established by such title, and for other purposes. Senate bill 3086 is a comprehensive social security measure, and the proposed amendment will make the bill self-supporting beyond a peradventure of a doubt.

When I introduced Senate bill 3086, I intended that the improvements in our social security system contained in it should not cost anything from the Federal Treasury. I was assured by experts who helped me with the bill and reviewed it for me that it was self-supporting. Now I understand that there may be some question about it. To be absolutely certain that my changes in the social security system, if they should be enacted into law, cannot cost the taxpayer a cent from the general budget of the Federal Government, I am submitting an amendment raising the rates which the employee and employer would pay under the withholding system, and the rates for those persons who are self-employed. These new rates have been furnished me by the Education and Public Welfare Division of the Library of Congress.

Nothing else in Senate bill 3086 is changed. The benefits remain the same. The reason for this amendment is my desire to be absolutely sure that my bill is actuarially sound.

Mr. President, I submit for appropriate reference an amendment to Senate bill 3086, to amend the Social Security Act.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Finance.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—AMENDMENT

Mr. PAYNE submitted an amendment, intended to be proposed by him, to the bill (S. 3318) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, which was referred to the Committee on Foreign Relations and ordered to be printed.

ERADICATION OF STARFISH IN LONG ISLAND SOUND — ADDITIONAL COSPONSOR OF BILL

Mr. BUSH. Mr. President, I ask unanimous consent that the name of the distinguished junior Senator from New York [Mr. JAVITS] be added as a cosponsor to the bill (S. 3753) to provide that the Secretary of the Interior

shall develop and carry out an emergency program for the eradication of starfish in Long Island Sound and adjacent waters, introduced by me on May 6, 1958.

The VICE PRESIDENT. Without objection, it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. KEFAUVER:

Address delivered by him before Tennessee Municipal League, Nashville, Tenn., May 15, 1958, on the subject "Developing All Our Resources."

NOTICE OF COMMITTEE HEARING ON REORGANIZATION PLAN NO. 1 OF 1958

Mr. HUMPHREY. Mr. President, on behalf of the Subcommittee on Reorganization of the Committee on Government Operations, of which I have the privilege of serving as Chairman, I desire to announce that a public hearing has been scheduled for Monday, June 9, 1958, at 10 a. m., in room 357, Senate Office Building, on Senate Resolution 297, submitted by Senator CHARLES E. PORTER, of Michigan, which, if adopted, would disapprove Reorganization Plan No. 1 of 1958, transmitted to the Congress by the President on April 24, 1958.

Reorganization Plan No. 1 of 1958 consolidates the Federal Civil Defense Administration, which is now an independent agency, with the Office of Defense Mobilization in the Executive Office of the President, vesting statutory authority for both organizations directly in the President with the power to redelegate as he sees fit. To disapprove the Reorganization Plan, affirmative action must be taken by the Senate on Senate Resolution 297 by June 23, 1958, or within 60 days after the plan was submitted to the Congress.

NOTICE OF HEARINGS ON SMALL-BUSINESS LEGISLATION

Mr. CLARK. Mr. President, on behalf of the Subcommittee on Small-Business of the Committee on Banking and Currency, I desire to give notice that open hearings will be held on S. 2729, S. 2825, S. 2993, S. 3319, S. 3434, S. 3453, S. 3664, S. 3791, S. Res. 138, and H. R. 7963. These bills concern the existing programs of the Small-Business Administration and are bills introduced subsequent to the subcommittee's hearings on this subject held last year.

Hearings will begin on Friday, May 23, 1958, or as soon thereafter as may be possible. All persons who desire to appear and testify at the hearings are requested to notify Mr. J. H. Yingling, Chief Clerk, Committee on Banking and Currency, room 303, Senate Office Building, telephone Capitol 4-3121, extension 3921.

RETIREMENT OF SENATOR IVES, OF NEW YORK

Mr. SMITH of New Jersey. Mr. President, on last Thursday afternoon, I attended, at the Washington Cathedral, the special ceremony in honor of Woodrow Wilson. Therefore, I was not on the floor at the time when many tributes were paid to the distinguished senior Senator from New York [Mr. IVES] who has just announced his decision not to seek another term in the Senate.

As an intimate colleague of Senator IVES for more than a decade, I desire to express my own deep regret over his decision to retire at the expiration of his term this year; and I wish to associate myself with the many tributes which were paid him last Thursday. Those tributes covered his distinguished record of service, both in the State of New York and in the Nation's Capital.

Senator IVES and I have worked closely together on the Committee of Labor and Public Welfare, since he came to the Senate in January of 1947, 2 years after my own election. Through the years we have been here together, my wife and I have come to have a close friendship with both Senator IVES and his charming wife; and we count them among our dearest friends in the Capital.

The departure of Senator IVES will be a great loss to the Senate, where his abilities, particularly in his special field of labor-management relations, have earned him admiration and respect on both sides of the aisle. He is especially distinguished because of his dedication for many years to the cause of equality of opportunity for all our people, without regard to race, creed, or color. It is the country's loss that he is retiring at this time. His friends feel, however, that he has made a correct and wise decision, because of his somewhat impaired health during the past year or two.

Mr. President, I am confident that in the coming years, Senator IVES will be able to continue his important service to the Nation. Mrs. SMITH and I are looking forward to new and inspiring adventures with Senator and Mrs. IVES, following my own retirement from the Senate. For both Mrs. SMITH and myself, I wish to express our deepest affection and best wishes to Senator and Mrs. IVES, and also to his son, George IVES.

Mr. JOHNSON of Texas. Mr. President, will the Senator from New Jersey yield to me?

Mr. SMITH of New Jersey. I am very glad to yield to the distinguished majority leader.

Mr. JOHNSON of Texas. Mr. President, I would be less than candid if I did not admit that I am never too pained to see one less Republican Senator on the other side of the aisle.

But I wish to observe that I have never served with a man who I believe was actuated by more patriotic motives or a man of greater diligence or capacity than IRVING IVES.

I have enjoyed having served with him. Mrs. JOHNSON joins me in expressing to him and to his lovely wife, both of whom have always put their country

first, our deep regret at the decision he has made.

Mr. SMITH of New Jersey. I thank the Senator from Texas.

Mr. President, at the request of the Secretary of Labor, the Honorable James P. Mitchell, I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks and the other tributes to Senator IVES, the statement the Secretary of Labor issued on May 14.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

I am very sorry to hear that IRVING IVES will not run for reelection to the United States Senate. As a close and valued friend over the years, I know that he has contributed much to improving the welfare and bettering the conditions of working people. His State and the Nation suffer a great loss because of his decision to retire. I wish for him much happiness for the future.

Mr. THYE. Mr. President, in today's Washington Post and Times Herald there appeared an editorial headed "Changing Senate," which begins with the words: "Senator IRVING M. IVES' decision to retire from the Senate at the close of the second term next January will arouse many regrets."

Mr. President, I regret that Senator IVES is retiring from the Senate. He has rendered excellent public service; he will be missed; we shall lose a very able Senator.

I ask unanimous consent that the editorial to which I have referred be printed in the body of the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CHANGING SENATE

Senator IRVING M. IVES' decision to retire from the Senate at the close of his second term next January will arouse many regrets, except among the candidates who are clamoring to succeed him. The senior Senator from New York has been a conscientious and independent-minded legislator. Though he has held fast to his Republican moorings, his votes have not always been pleasing to the Eisenhower administration, and a wide gulf separates him from the extreme right wing of the GOP. It is a high tribute to Mr. IVES that he holds the confidence of organized labor and many nonpartisans and liberals as well as members of his own party.

Labor legislation has been Mr. IVES' specialty both in the Senate and in the New York State Assembly, where he was both minority and majority leader and speaker. His name is closely associated with New York's laws on unemployment insurance, workmen's compensation, and the elimination of discriminatory employment practices. In the Senate he has been a moderating influence. Though he has often stood with organized labor in fighting antiunion measures, he has never been a tool of labor. His ability to negotiate with labor leaders and his championship of moderate reforms designed to correct abuses on the part of unions without undermining collective bargaining will be especially missed in the Senate. Indeed, his decision to retire makes it the more important to get a reasonable labor bill through Congress during the present session.

In international affairs Mr. IVES has been forward-looking and devoted to the idea of Free-World cooperation, though his influence has often not been as strong as it might have been. For some time ill health has

detracted from his vigor; in the circumstances we think he is wise to retire, even though he contributes to what has become almost an exodus of Republican Senators. Five others—Senators KNOWLAND, FLANDERS, MARTIN, H. ALEXANDER SMITH, and JENNER—had previously indicated that they will not run again. This alone will bring substantial changes in the Senate and perhaps enhance the chance of the Democratic Party to broaden its slender margin of control.

PROBLEMS FACING THE COUNTRY—EDITORIALS FROM THE LEWISTOWN (MONT.) DAILY NEWS

Mr. MANSFIELD. Mr. President, one of the outstanding newspaper publishers of the Pacific Northwest is Edward L. Fike, of Lewistown, Mont., who publishes the best-known and best-edited daily newspaper in the central part of my State. He is a man of great courage, keen understanding, and fine perception. He tries at all times to do what he thinks is best in behalf of his State and his country.

In that connection, Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a series of newspaper editorials written by Mr. Fike, and published in the Lewistown Daily News. Although some may not agree with all Mr. Fike has to say, he certainly advances some new and, I believe, worthwhile ideas. It is my hope that the Members of the Senate will read very carefully these editorials, because I believe that from these well thought out and carefully considered suggestions will come a better understanding of the needs our country faces today. The Nation could well do with more of this constructive type of editorializing.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

WE DANCE HEEDLESSLY ON THE BRINK OF DOOM

"The dogmas of the quiet past are inadequate to the stormy present.

"The occasion is piled high with difficulty, and we must rise with the occasion.

"As our case is new, so we must think anew and act anew.

"We must disenthral ourselves, and then we shall save our country." (Abraham Lincoln.)

Let us lift ourselves from the miring distractions of everyday existence and consider the life-and-death problem confronting humanity in this unprecedented, terrifying age of guided missiles, capable of carrying earth-shattering hydrogen bombs with the speed of bullets from one continent to another. Unless we think and act, we shall most surely perish; our situation is just that terrible and just that simple.

During the past 13 years, since the atomic age dawned over Hiroshima and Nagasaki, the destructive power of thermonuclear energy has increased by geometric proportion, doubling and tripling with every passing year. One plane or one missile today can deliver as much destruction as all the combined air fleets of all the combatants engaged in World War II. One hydrogen bomb could devastate or poison to death most of the inhabitants of the British Isles. A surprise attack with multiple nuclear bombs could turn every American city into radioactive dust in a matter of minutes.

Science, which with immoral neutrality has given us this unthinkable energy for

good or bad, warns that an unbridled nuclear war could leave the planet uninhabitable, a poisoned radioactive cinder.

After the United States unlocked the atom, Soviet Russia, with the aid of spies and her own scientists, quickly followed suit. Then Great Britain developed her hydrogen bomb. We are reliably informed that this summer France, as flighty as a chicken, will perfect her own hydrogen weapons. It will not be too long before Red China and, who knows, even Colonel Nasser's Egypt will be armed to the teeth with this ghastly power.

One spark in such a hydrogen arsenal will certainly blow up the earth, burning and blighting forever the singing birds and the blossoming flowers along with the human race.

The situation is, of course, desperately dangerous even now without waiting until any and every little country and any and every irresponsible dictator threaten the world with destruction.

Suppose the atomic bomb which one of our Air Force planes accidentally dropped on a house at Florence, S. C., had gone off. (Oh, we know the generals have said our system is foolproof but we know better that nothing conducted by human beings is foolproof.)

Let us suppose a huge meteor, such as geologists and astronomers tell us once struck the earth in Siberia, in Arizona, Canada, and other areas, should devastate either an American or Soviet city. The result would almost certainly be an instantaneous counter-attack and a hydrogen holocaust beyond control or salvation.

In spite of reassurances from the Defense Department the chance most certainly does exist that an atomic war could be triggered off accidentally while the voice of every human being on earth shouted in protest and anguish for self-preservation.

Our military and political leaders now realize that one exploding A-bomb over an American city may offer only a few minutes warning that every sizable city in the continent is under Soviet sentence of death. The Soviets by their spunk proved they have operational missiles and we don't. There may not be a moment to lose before we forfeit all power to retaliate. In such a situation our leaders no longer have time to investigate or delay in hope of avoiding war. Delay may mean death and defeat for the country without a shot being fired.

Many aggressors in the past have risked destruction of their country for the lure of conquest, Hitler and Stalin being just the latest. But never before in human history has the glittering prize of world dominion at one single stroke been presented to a would-be aggressor. Supreme and final advantage now lies with the aggressor who can pull off a sneak attack and thereby destroy his opponent in one fell swoop. And, what does such an aggressor care about morality or the verdict of history since he will then write all future history books?

During these 13 years the hand which released this terrible energy has found no way to control it. Governments of clashing ideologies have been unable to assure either their own peoples or humanity in general that all will not be destroyed in an uncontrollable nuclear war. Indeed, a divided world is now embarked upon an arms race of accelerating proportions, knowing that never in human history has any basic conflict between nations or an arms race ended in anything but war.

Such is our situation today. As Winston Churchill said, we peer over the rim of hell. Because the peril is unprecedented to human experience and because it is so hideous as to be unthinkable, we just can't or don't think about it. We recoil from contemplating it. We dance heedlessly on the brink of doom.

IS OUR DEMOCRACY EQUAL TO THE CHALLENGE?

With the push of a button, men now have the power to obliterate whole nations. A stalemate of terror is said to exist on this divided planet between the Free World and the Communist empire. But this stalemate will exist only so long as the Free World has the power to defend itself and to retaliate against aggression. If and when the Kremlin, motivated as it is by ambition and greed as well as by fear, gains a decisive advantage as it is now so desperately striving to do, the Free World may then be given the unholy choice of either quiet, unconditional surrender or extinction.

We must realize that in this struggle to the death with the Communists—a struggle which tightens and eases at the whim of our enemies—we in the Free World operate at considerable disadvantage:

1. The Communists have good reason to be confident that we will not attack them first, as democracies cannot operate so as to undertake surprise aggression.

2. Whereas the peoples in the Western democracies are contented to enjoy their way of life, the Communists are imbued with a sense of mission to convert or conquer the world and make it over into their own image for their own purposes.

3. A dictatorship, as recently the Nazis and now the Communists demonstrate, can direct the full resources of a nation into scientific research and armed strength, all aimed at subjugating the rest of the globe.

The full extent of democracy's disadvantage in a contest with dictatorship is to be found in a study of history. Indeed, one of the most melancholy and alarming (but necessary) undertakings today is to study our present difficulties in light of world history.

A classic example comes to mind. After the ancient Greek city states of Athens and Sparta united to defeat the Persian invasion, the democracy of Athens and the dictatorship of Sparta became rivals (sound familiar?). The cold war of antiquity, as with all basic conflicts between nations in history, soon led to fighting. Tragically, democracy was not equal to the challenge of the dictatorship. Athens was defeated by Sparta. Her protective walls were torn down. She existed at the whim and mercy of her enemies. The Peloponnesian War ended the golden age of Greece, extinguished the brilliant light of learning which illuminated antiquity and gave birth to our own western civilization and plunged Athens into darkness and decay from which it never arose.

All too many of us are prone to believe that simply because we are a democracy and the Communists are a dictatorship, that because we are a Christian civilization and the Russians are godless, we will somehow be spared. Nothing could be further from the truth, as the Bible warns us. Jerusalem, the Holy City, was destroyed by its enemies and not one stone was left standing upon another. The great prophet Jeremiah, whose warnings had been ignored by a careless, fun-loving people, wept in the ruins and the Israelites, the chosen people of God, were suffered to be carried off into bondage and subsequently scattered over the earth and subjected to centuries of persecution and torment.

It can happen here. And, it will happen unless we get hold of ourselves.

For the first time in our history we face the prospects of a war in which our enemies outnumber us. In addition to the hungry and surging Asiatic hordes arrayed against us—people who have everything to gain and nothing to lose in a war of conquest—the Communists have amazed the world by surpassing us in the deadly science of missiles and rockets. Their advantage over us becomes more deadly and more decisive with every passing day.

But beyond even these advantages the Communists now enjoy a tremendous advantage in leadership—a decisive factor in history.

We find in Nikita Khrushchev an enemy who is as wily as a Stalin or a Hitler, just as ambitious, and far more imaginative, disarming and dangerous. In a relatively brief period, Khrushchev has consolidated his power in Russia; ruthlessly suppressing an uprising in Hungary; gone forth to win friends and disarm his enemies in many nations beyond his own borders; made tremendous capital of Russian scientific successes and bested the West in nearly every exchange of ideas.

Against this triumphant personal offensive from Moscow, the West stands mute, confused, divided and all but leaderless. France is paralyzed and apparently incapable of coherent government or sustained action. Britain is deeply divided with the Socialists (first cousins of the Communists) apparently riding into power and with an uninspired Conservative government hanging on as best it can. America, the mainstay of the Western World, seems to be treading water, barely holding its head above the waves. The President, a sick man, has been neither disposed nor able to take the offensive in the international arena. More recently the administration has been preoccupied with an economic recession at home.

The best that our Government seems able to manage is a passive or negative reaction to the imaginative forward thrusts of the Communists.

All this is in sharp contrast with the leadership which the West raised up to combat the menace of Nazism. The evil genius of Adolf Hitler was confronted with the rallying leadership of Winston Churchill and Franklin Roosevelt, who regardless of what else might be said of or about them, mobilized the national spirit to the challenge.

Today, this "last best hope of earth" which has traditionally stood in the minds of men everywhere as a champion of freedom and a bulwark against war and aggression is made to appear by our tireless and clever enemies at worst as a war monger, a threat to humanity and at best as a simple, selfish, rich, immature dumb bell.

"WE MUST DISENTHRAL OURSELVES, AND THEN WE SHALL SAVE OUR COUNTRY"

"The dogmas of the quiet past are inadequate to the stormy present.

"The occasion is piled high with difficulty, and we must rise with the occasion.

"As our case is new, so we must think anew and act anew.

"We must disenthral ourselves, and then we shall save our country." (Abraham Lincoln.)

In a world in which the very survival of humanity and all other living things now depends on the avarice of a dictator, who has sworn to bury us, and when the fate of the planet can be sealed by a flashing meteor or a human miscalculation, war has become unthinkable and impossible as a method of settling international disputes.

Since the Western democracies in the current struggle to the death with communism face grave disadvantages inherent in the situation, the elimination of the possibility of a nuclear war will benefit us even more than the people behind the Iron Curtain. All humanity will be the beneficiary of peace. If disarmament and peace cannot be achieved even in the face of the planetary peril, then every effort must be made by the West to decrease the tensions, to diminish the dangers of war, and to seek diligently solutions consistent with our own safety and enlightened self-interest.

We must prove to the world that the bloody handed and bloody minded Communists do not have a monopoly of peaceful intentions. The United States must some-

how reassert its historic and traditional concern for the welfare of mankind and once more boldly champion freedom.

To meet the challenge, we suggest that more than the "Maginot line" concept of endless, indiscriminate foreign aid will be required. Some \$70 billion spent abroad in an effort to purchase security and steady allies during the past decade ought to have convinced us by now against continuing such profligate folly indefinitely. (One wonders if only a small portion of this money had been channeled into missile research if we rather than the Russians would not now be leading in this vital field.)

We have our billions and our bombs but we are in greater peril today than we were 10 years ago. What we obviously lack is to be found in the elusive realm of ideas. In this we will account for nothing if we are not pioneers. For, as President Lincoln said, "the dogmas of the quiet past are inadequate to the stormy future * * * As our case is new, so we must think anew and act anew. We must disenthrall ourselves, and then we shall save our country."

In such a spirit, this grassroots newspaper timidly suggests some bold new approaches:

1. Let the American Government proclaim to the world its willingness to disarm. Let this proclamation be simple, understandable, and stripped of technicalities, complications, and doubletalk.

2. Let the American Government propose that the United Nations be transformed from the ineffective debating society that it is into a true parliament of the world, the sole trustee of nuclear weapons retained to enforce a new era of international law in a heretofore lawless world.

3. Let the American Government propose that the United Nations alone maintain an international armed force sufficient to suppress international lawlessness and maintain world law and order.

4. Let the American Government proclaim its willingness to forfeit all nuclear weapons in company with other atomic powers along with the scrapping of conventional weapons subject to international control and inspection. (Without the threat of atomic retaliation, the Communists, with their tremendous numerical superiority and heavier conventional arms would acquire a decisive advantage over us.)

5. Let the American Government proclaim once more, as it did in the earliest years of President Eisenhower's administration, that the huge sums now required for piling up armaments be set aside after disarmament for the benefit of all mankind.

6. Let the American Government propose that American and Russian scientists collaborate rather than compete so that man may the sooner explore the unknown and unlimited reaches of the universe and otherwise the sooner endow humanity with the blessings rather than the curses of atomic energy.

This six-point program is admittedly revolutionary. But it could capture the imagination of the world. It could throw the Soviets on the defensive. It could once again identify us with the noblest aspirations of humanity.

Now we do not expect the Communists, who conspire constantly to conquer or convert the earth, to accept this plan willy-nilly. But they would be hard put to beat it and in time the desperate slaves writhing within the Communist grasp might, taking heart from such a program, rise up and throw off their monstrous masters and then join us in the long-delayed search for peace and plenty.

The above program outlines long-range goals toward which we can, year in and year out, work beginning right now. But what of the immediate requirements? What about the nuclear tests which left-wingers and well-meaning objectors around the

world are now protesting in the light of Russia's announced intention to halt such tests? What of the summit conference on which our frightened and threatened allies pin so many false hopes and to which they so constantly prod and push us?

On these immediate and urgent problems, we presume in all humility to offer these suggestions:

1. Combine our nuclear tests with a spectacular summit conference of all the world's leaders, not just the Big Two or the Big Four.

Despite the tremendous Soviet propaganda victory about ending nuclear tests, the United States should continue its scheduled and necessary testing and this can be done with tremendous credit if: The President of the United States would invite all the rulers, premiers, and cabinets of all the nations to come as the guests of the United States to witness personally the terrifying nuclear power which is now uncontrolled in the world. We dare say neither President Eisenhower nor Premier Khrushchev has ever personally witnessed the indescribable power of a hydrogen explosion. Neither, we venture, has the Red Chinese nor Nasser, nor the Queen and the Prime Minister of Britain, nor the Pope. Such a thing must be seen personally to be realized. If the rulers of the world could see our nuclear tests at first hand under our sponsorship, then there would be a new impetus for little men to reach out for some sort of control over this unbridled power. Even the Soviets, who bid constantly for world opinion, could not stand alone against the mobilized demand of humanity.

The Communists and our allies have been insisting that we enter upon a summit conference. We say let them have their summit conference but on our terms and in a dramatic new dimension. (The details for this unprecedented meeting would of course have to be worked out but we could dispatch the liner *United States* and our other luxury ships to fetch these personages and deliver them to the test area.)

2. Let the world disarmament conference convene immediately after the tests at, let us say, Manila, "The Pearl of the Orient" and the capital of a commonwealth which stands as a monument to American generosity and as a symbol against the Communist accusations of Western colonialism. This would also be a dramatic gesture of friendship on our part to Asia. With the awesome experience of witnessing a hydrogen bomb so recently impressed upon their minds, world leaders would then be more prone to cast off the shackles of conventional diplomacy and enter a new era of disarmament and peace.

3. If this proposed world meeting seems too grandiose or too unconventional for the conventional minds of Washington, let us fall back on a less dramatic plan. Since a summit meeting apparently has become inevitable, why not suggest to the Communists that it be held in Budapest. This would at once remind the heroic Hungarians that their sacrifices have neither been in vain nor forgotten. And, this locale would serve to remind the whole world of Russia's brutal butchery against a whole people. Let the American President ride in triumph through the streets of Budapest and let the world's reporters once more interview the Catholic cardinal who remains all but forgotten, a refugee from the Reds to this day, in the American Embassy.

4. Although former United States Ambassador George Kennan's plan for disengagement in Europe has been roundly condemned by both Democrats and Republicans, is there not, with some reservations, more to it than this stolid, status quo thinking supposes?

With the advent of intercontinental missiles, even if all other negotiations and efforts at a settlement fail, ought we not

to reexamine our situation in Europe and other areas as well where American and Russian armed forces literally rub up against each other? Why not disengage? Why not reduce the friction and the possibility of an accidental conflagration? Why not withdraw American bases from the continent of Europe if the Russians in exchange will free their satellites (Hungary, Poland, West Germany, et al.), which surely would gravitate at once to the Western cause?

Our intermediate missile bases in Britain and other areas around the Communist perimeter, but not on the Communist doorstep in Europe, plus our missile-firing submarines, would provide us with sufficient deterrent until our own intercontinental missile bases can be established on American soil capable of bringing Russia under fire, and not subject to the inhibiting restrictions now imposed by fearful allies.

In the event of a war our token forces in Europe would be either massacred or captured by the massive Red Army and would constitute a needless sacrifice for little result anyway. And, our present NATO commitments would assure our allies and Russia that Red aggression would bring atomic retaliation by us.

These plans sketched in brief if bold outline because of the limitations imposed here are at least plans and plans seem to be peculiarly scarce in Washington these days.

Somehow we must shake ourselves from the sleepwalking and the lethargy which characterize the paralysis in Washington. Unhappily, our country seems incapable of doing more than its top leadership will undertake. But the President, for all the erosion of these past years, still commands a vast world following. He could, with imagination, keep the Russians on the defensive and maneuver them into cooperating with us for peace. Even if he did no more than invite his old World War II comrade-in-arms, Marshal Zhukov to Washington, that would embarrass Mr. Khrushchev and be worth the effort. There are so many things like this which we could do if we would only think anew and act anew.

We must disenfranchise ourselves and then we shall save our country.

ADVERSE EFFECT OF NATIONAL PARK CONCESSIONS, INC., ON MAMMOTH CAVE NATIONAL PARK

Mr. MORTON. Mr. President, on Tuesday of last week, May 13, I spoke to this body concerning National Park Concessions, Inc., an organization sponsored and directed by the National Park Service, and the adverse effect this unique corporation is having on the Mammoth Cave National Park, one of the great natural wonders of the world, which is located in my State of Kentucky. On Thursday, May 15, the Louisville (Ky.) Courier-Journal commented editorially on this same subject. I ask unanimous consent, Mr. President, that the Courier-Journal editorial be printed in the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MAMMOTH CAVE'S PROFITS HAVE GONE TO ALASKA

This newspaper asked a question in a recent editorial: "Why must Mammoth Cave be a stepchild in the park family?" We want to ask that question again and again. The only difference is that we did not fully realize before just how unfairly treated a stepchild the Kentucky park really is in the family circle of the National Park Service.

Senator THURSTON MORTON has supplied some startling information on the matter in a Senate speech. The story is as peculiar as it is distressing. He describes how Mammoth Cave is not operated directly by the National Park Service, as are most of the 29 areas set aside for public enjoyment, but by a strange organization called National Park Concessions, Inc.

This corporation is neither fish, flesh, nor fowl, though it has an odor of red herring. It is a membership corporation that can issue no capital stock, and its five directors must serve without pay, except for expenses. The Senator understands that until recently 2 of its 5 members were employees of the National Park Service and on the Federal payroll.

Mr. MORTON avers that this hybrid monster was engendered by Harold Ickes when he was Secretary of the Interior under Roosevelt. Ickes, a fire eater with little regard for the tender sensibilities of private enterprise, seems a very odd parent for so equivocal an infant.

A MONEYMAKER ROBBED

In any case, the corporation has worked to the signal disadvantage of Mammoth Cave. It runs the Kentucky park as part of a package that includes these scattered installations: Blue Ridge Parkway in Virginia and North Carolina; Isle Royal National Park in Michigan; Big Bend National Park in Texas; Olympia National Park in the State of Washington; and Mount McKinley National Park in Alaska.

All of these other parks, with one partial exception, share a common characteristic: they are steady money losers. But Mammoth Cave, closest of all parks to the population center of the country and with natural attractions that are world renowned, is a historic moneymaker. So what is the result? Nearly half a million dollars profit from Mammoth Cave has been siphoned off to support these other parks.

This is grossly unfair to the people of Kentucky, who paid \$2 million for the cave area and gave it to the United States Government. The money made by the park should have been plowed back into the surface attractions it so badly needs, with consequent heavy returns to the Park Service. There is never enough money now for added housing or for swimming, riding, and other sports facilities, because the profits have been pumped off to Texas or Alaska.

This is unfair to the general public as well. Mr. MORTON points out that National Park Concessions is not answerable to Congress, the Bureau of the Budget, or the taxpayers. He cites a Hoover Commission report of 1955 which urged that the National Park Service attempt to secure the dissolution of National Park Concessions and that it lease or sell the facilities now operated by National Park Concessions to others to be operated as is done in other national parks.

Senator MORTON urges Interior Secretary Seaton to review the situation. He wants Mammoth Cave run by energetic private operators or, openly, by the Park Service itself. Kentuckians ought to bombard Secretary Seaton with demands for quick action. We have been short changed long enough on a glorious natural resource.

Mr. MORTON. In the same edition of the Courier-Journal there appeared an article by Mr. Robert Clark, of the newspaper's Washington office, entitled, "Parks Chief Defends Concessions Firm," in which Mr. Conrad Wirth is quoted as favoring the type of operation being conducted by National Park Concessions, Inc. Quoting from the article, "the purpose of setting up the Corporation," Wirth said, "was to find someone to operate Government-owned

facilities such as those at Mammoth Cave."

Is Mr. Wirth implying that it is difficult to find someone to operate a facility that has earned profits in excess of \$40,000 each year since its inception? The Mammoth Cave facility, as of December 31, 1956, shows total retained earnings of \$626,569.78, and it began operations in 1941. Beginning with 1950 and extending through 1956, Mammoth Cave National Park yielded gross receipts of \$3,518,145.45 for a net profit of \$336,726.26, or about \$48,000 a year.

Please bear in mind that this is an operation which started without any investment. I cannot conceive of any businessman who would not be interested in negotiating for an operation of this kind. The National Park Director now acknowledges that National Park Concessions has used profits from Mammoth Cave for concession operations elsewhere. He further states that he can "well understand that Kentuckians feel the weight of the rest of the National Park System is resting on their shoulders." Quoting further, "But I am inclined to believe it has been a very reasonable thing to do in the past. I have no criticism to make of it." Does he mean to say that he is going to recommend the dissolution of this corporation, as recommended by the Hoover Commission, or does he mean that he will recommend continuing the operation as presently constituted? I would like a clarification.

Kentuckians do indeed feel that they have been shouldered with considerable financial burden for the support of other parks or concessions operated by National Park Concessions. Just how heavy has this burden been? I should like to point out that in one 5-year period—from 1945 to 1949—National Park Concessions' consolidated operations realized a total profit of \$61,311.16, while Mammoth Cave alone reported a profit of \$167,884.29. During this same period, the National Park Concessions operated the Roosevelt Library at Hyde Park. This operation showed a profit of \$28,800.15. All the other facilities then operated by National Park Concessions were in the red, their total loss being \$135,373.28.

Mr. Wirth pointed out that if private enterprise were operating the concession at Mammoth Cave, its profits would undoubtedly have gone into somebody's pockets rather than back into National Parks. At the same time he further stated that, as Director of the National Park System, he has control of prices and wages at all park concessions. The Congress gave Mr. Wirth this authority so as to protect the public and exercise control over the profits of all concessionaires. Surely he could control the profits of a private concession at Mammoth Cave as he does at other National Parks throughout the Nation.

Mr. Clark, being a diligent reporter, asked Mr. Wirth for comment on my figures and for further details from the National Park records, in order to develop for his readers, as any newspaper reporter is obligated to do, the full implication of this operation's effect on one of Kentucky's greatest attractions. Mr. Clark was informed that no comment

could be made on the figures I presented, since the records were not available immediately. I hope that the figures will be forthcoming soon. The people of Kentucky have been waiting 15 years for this information. I have had great difficulty in obtaining any of the operating figures of National Park Concessions. The Park Service itself must have the figures in order intelligently to control prices and wages, as it says it does.

SECONDARY BOYCOTTS AND COERCIVE PICKETING—STATEMENT BY CHARLES TOWER BEFORE SENATE SUBCOMMITTEE ON LABOR

Mr. GOLDWATER. Mr. President, this morning there appeared before the Senate Subcommittee on Labor of the Committee on Labor and Public Welfare, Mr. Charles Tower, representing the National Association of Broadcasters. Because Mr. Tower's testimony is so pertinent and is so clearly written—written so that even a layman can understand the statement on the subject of secondary boycotting and picketing—I ask unanimous consent that it appear at this point in my remarks in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SECONDARY BOYCOTTS AND COERCIVE PICKETING—A STATEMENT BY THE NATIONAL ASSOCIATION OF BROADCASTERS BEFORE THE SENATE SUBCOMMITTEE ON LABOR, MAY 19, 1958

I. STATEMENT OF POSITION

While the association is interested in all facets of labor legislation, we shall limit our testimony here to two related subjects: Secondary boycotts and coercive representation picketing. We have adopted this limitation because of several factors, including lack of time, specialized knowledge which we have in regard to these 2 subjects, and the specific interest of broadcasters in these 2 issues.

We urge that the National Labor Relations Act be amended to provide increased protection against secondary boycotts and to prohibit coercive representative picketing.

Both of these subjects can be confusing. The secondary section of Taft-Hartley is generally regarded as the most complicated section of that law. Representation picketing is said by many experts to be the No. 1 problem in labor law generally. For purposes of clarity, therefore, we shall treat each subject by asking a number of critical questions and by, we hope, satisfactorily answering them in accordance with the following outline:

II. Secondary boycotts:

1. What is a secondary boycott?
2. Why are secondary boycotts bad?
3. Are there some good secondary boycotts?
4. If both State and Federal law condemn secondary boycotts, why are they still a problem?

5. What type of legislative relief is required?

III. Coercive picketing:

1. What is the problem?
2. Is there a difference between recognition picketing and organizational picketing?
3. Should union activity of this type be prohibited?
4. What type of legislation is needed?

IV. Conclusion.

II. SECONDARY BOYCOTTS

1. What is a secondary boycott?

In the field of labor relations, a secondary boycott is a union tactic involving the exer-

tion of pressure—usually economic—on one company in order to induce that company to cease doing business with another company with whom the union had a primary dispute.¹ The essential elements of a secondary boycott are:

- (1) Union activity creating economic pressure.
- (2) Against an employer who is not himself involved in a labor dispute.
- (3) For the purpose of having that employer stop or modify his normal business relations with another employer.
- (4) Where the other employer is the one with whom the union has a primary dispute.

2. Why are secondary boycotts bad?

Secondary boycotts have always been regarded as unfair and generally as unlawful.² In 1947, Congress intended to enact legislation doing away with the secondary boycott evil. The present administration has recognized the need for further protection against secondary boycotts.

Few are the voices raised in defense of boycotts. And, even with these, the chief argument is that secondary boycotts have been effective * * * a fact which a good many employers, particularly the smaller ones, will accept based on personal experience. Effectiveness, however, can hardly be regarded as an ethical or socially desirable standard for determining important statutory policy.³

Why this general condemnation, except by the few who have benefited from the use of secondary boycotts? What is there about secondary boycotts that makes them generally regarded as unfair? In the simplest terms, the reasons are twofold: Secondary boycotts are unfair because they are a deliberate effort to drag innocent bystanders into a dispute; they are undesirable because they unnecessarily enlarge the area of industrial dispute. More specifically,

¹ Black's Law Dictionary, p. 245 (3d edition 1933) defines a secondary boycott as a "combination not merely to refrain from dealing with a person or to advise or by peaceful means persuade his customers to refrain, but to exercise coercive pressure on such customers, actual or prospective, in order to cause them to withhold or withdraw their patronage, through fear of loss or damage to themselves."

A 1941 Wisconsin statute stated that the term "secondary boycott" "shall include combining or conspiring to cause or threaten to cause injury to one with whom no labor dispute exists, whether by (a) withholding patronage, labor, or other beneficial business intercourse, (b) picketing, (c) refusing to handle, install, use, or work on particular materials, equipment, or supplies, or (d) by any other unlawful means, in order to bring him against his will into a concerted plan to coerce or inflict damage upon another." (Wis. Stat. (1941) c. 111.02 (12).)

² Millis and Montgomery, *Organized Labor*, p. 583. Teller, *Labor disputes and collective bargaining*, vol. I., p. 454.

³ Before the passage of the Wagner Act some argued that secondary boycotts should be permitted as a counter to blacklisting and similar employer practices. Now that these practices have been outlawed the argument, it would appear, has been dissipated.

A nonpartisan view of secondary boycotts was expressed by former NLRB Chairman Harry A. Millis and his colleague Prof. R. E. Montgomery in their book *Organized Labor*, where they stated that they were "among those who remained unconvinced of the soundness of the case made for the legalization of more than the primary boycott." Dr. Millis could hardly be regarded as a spokesman for partisan management interests.

secondary boycotts are objectionable for the following reasons:

(1) The consuming public is deprived of additional goods and services because of the enlargement of the area of industrial dispute beyond the parties immediately concerned;

(2) In the case of product boycotts the consuming public is faced with higher prices and restricted selection because of artificial and uneconomic restraints on competition;

(3) Employees of neutral or secondary employers with no direct concern in the dispute may lose working time and, thus, wages;

(4) Secondary, or neutral, employers not involved in the primary dispute are forced to take sides with the union or to suffer economic injury;

(5) Employees of the primary employer will, where the dispute is over representation, be coerced in the selection of a bargaining agent and, in the same type of case, the employer will be faced with the unfortunate alternative of interfering with his employees in the choice of a bargaining agent, or accepting economic retaliation.

3. Are there some good secondary boycotts?

The short answer is: "No." At least Congress did not think so in 1947. On the floor of the Senate in June 1947, Senator Taft said:

"The Senator will find a great many decisions * * * which hold that under the common law a secondary boycott is unlawful. Subsequently, under the provisions of the Norris-La Guardia Act, it became impossible to stop a secondary boycott or any other kind of a strike, no matter how unlawful it may have been at common law. All this provision of the bill (section 8 (b) (4)) does is to reverse the effect of the law as to secondary boycotts. It has been set forth that there are good secondary boycotts and bad secondary boycotts. Our committee heard evidence for weeks and never succeeded in having anyone tell us any difference between different kinds of secondary boycotts. So we have so broadened the provision dealing with secondary boycotts as to make them an unfair labor practice."⁴

Since the passage of the Taft-Hartley Act, certain situations have come up which are used by some people to confuse the problem. Typical of these are the "struck work" and "common situs" cases. The question in these cases is not whether they are good secondary boycotts, but whether they are secondary boycotts at all. Some of these cases are not easy. Factually, they just don't seem to fit the usual patterns. In many of them the answer might be clearer if more attention was paid to the objective of the activity, and its likely effect in terms of the basic Congressional attempt to prohibit secondary boycotts.

The "common situs" problem involves primarily the construction industry. Picketing at the job site is undoubtedly, in a great majority of cases, concerned with a question of representation * * * usually part of an effort to get rid of a nonunion subcontractor. Such picketing has relatively little, if anything, to do with a noncoercive appeal to employees to join the union.

"Struck work" is a matter regarding which there is a good deal of current misinformation. In the early days of the Taft-Hartley Act a Federal district court judge refused to issue a 10 (1) injunction where the secondary employer was performing work which, but for the strike, would have been performed by the primary employer.⁵ There was a contract for the performance of this work between the primary and secondary employers and the primary employer's supervisors actually spent time in the secondary employer's shop to make sure that

the work was done correctly. The theory of the decision was that the two employers were so closely allied that one was not really doing business with the other. Whatever may have been the merits of theory, the decision was apparently followed by the general counsel's office in determining the issuance of complaints. In 1955 it was cited with approval by the Second Circuit Court in *N. L. R. B. v. Electrical Workers, CIO* (228 F. 2d 553 (C. C. A. 2 1955)) a case involving somewhat different facts. There are no contrary decisions. Thus, it can be reasonably concluded that there is a "struck work" exception in existence today by virtue of interpretative decision.

Just what the scope and nature of this exception should be is a matter of some dispute even among spokesmen for management. Some believe—and quite honestly—that there should be no exception and that the present law does not permit it. Others feel that a limited exception is justified. Some broadcasters have recognized the principle of struck work in their collective bargaining contracts although it is not a major issue in our industry. If there is to be a struck work exception, we believe it should be carefully drawn so that it will not be seized upon as a means for justifying a wide variety of secondary boycotts.

4. If both State and Federal law condemn secondary boycotts, why are they still a problem?

There are two reasons why secondary boycotts are still a problem. The prohibition contained in the Taft-Hartley Act has, for various reasons, not proved to be entirely adequate. Action at the State level has been severely limited by existing Supreme Court decisions on Federal-State authority in labor relations.

The purpose of section 8 (b) (4) of the Taft-Hartley Act was, as has already been stated, to do away with secondary boycotts. The term itself was not used in the law. It was felt by the drafters of the legislation that, although generally understood, there was in existence no precise or uniformly accepted definition of the term. Consequently, it was felt desirable to avoid using the term and, instead, to use language descriptive of the typical secondary boycott frame of reference. The drafting of such language was not easy because of the tremendous variety of secondary boycotts which are possible. It is not surprising, therefore, that some important situations were overlooked and these have been seized upon by those who would circumvent the law to effectuate their objectives. Additional difficulty was created by some early NLRB and court decisions which appeared to be more receptive to the ingenuity of those who were trying to carry on business as usual than to the expressed intent of Congress. Fortunately, some of these decisions have been since revised. However, the important issues involved should not be left to the vagaries of interpretive decisions.

State action against secondary boycotts has been severely restricted by recent decisions of the Supreme Court relating to Federal-State jurisdiction in labor relations. The present rule apparently is that, where Congress has treated with a particular phase of labor relations, the State is powerless to act if the business involved is subject to the jurisdiction of the NLRB whether that jurisdiction is exercised or not. Almost all the important segments of American business are theoretically within the broad jurisdictional ambit of the National Labor Relations Act. In that act, Congress has treated with secondary boycotts. Thus the States, in dealing with secondary boycotts, are limited to those involving purely local activity which does not even affect interstate commerce.

5. What type of legislative relief is required?

To finish the job which Congress started in 1947 there are two alternative courses avail-

able. The first is a complete rewrite of section 8 (b) (4) of the Taft-Hartley Act; the second is a revision of present language adequate to take care of current and foreseeable problems. We favor the second approach.

The existing approach to secondary boycott prohibition contained in section 8 (b) (4) is essentially sound. It was developed by experts and, considering the complexity of the problem, it has served its purpose well. Ten years of Board and court decisions have analyzed and construed it. Therefore, it seems wise to build on the present structure.

An effort to handle the matter in this way has been presented to the Senate and to this committee by the senior Senator from Nebraska, the Honorable CARL CURTIS. The secondary boycott sections of Senator CURTIS' bill (S. 76) constitute what appears to be a successful effort to plug the important loopholes in existing language and, at the same time, to offer reasonable protection against further circumvention of the act. We urge the enactment of S. 76.

Particularly important to us is the change in the opening language of section 8 (b) (4). The present law states that it shall be an unfair labor practice for a union or its agents to engage in or induce or encourage the employees of any employer to engage in a refusal to perform work where certain specified objectives are involved. The key verbs here are "to induce or encourage." These are what might be called specific verbs which label a particular type of union activity. Generally speaking, they have been broadly construed, as indeed they should be. The CURTIS bill, however, is broader still. Rather than using specific verbs descriptive of particular types of union activity it relies on what might be called more basic secondary boycott language. In effect, it labels as unlawful any type of specific activity which has the effect of exerting pressure, economic or otherwise, on an employer or on his employees for any of the proscribed objectives. Threats to engage in this type of activity are also prohibited as they are in the Taft-Hartley Act. The inducement of employees to refuse to perform work is clearly one type of economic pressure. There are others, and they are covered by the broad sweep of the CURTIS bill.

One particular type of secondary boycott that is not reached by the present language of the Taft-Hartley Act is of particular concern to broadcasters. It is the so-called secondary sponsor or secondary customer boycott. A brief example will illustrate the point. Let us assume that a radio station in Indianapolis has a labor dispute with a union representing its employees. Failure to resolve the dispute leads to a strike. The union communicates with advertisers who use the station's facilities and tells these advertisers that, unless they take their business off the air, union members will not use the advertisers' products or services. This is a particularly potent form of secondary boycott where the secondary or neutral employer, the advertiser, is engaged in distributing goods or services to the general public. A newspaper could be involved in the same type of situation. So could a department store which may be picketed at its customer entrances merely because the store handles one item out of thousands manufactured by a company with whom a union has a primary dispute.

This type of activity is not prohibited by the present language of the Taft-Hartley Act because nowhere is there the inducement of employees to refuse to perform work. The threat is that an effort will be made to get union members or the general public to refuse to buy the goods or services of the neutral employer.

Is this a secondary boycott? It certainly is. In the broadcasting situation the advertiser, let us say a drug store, is being threatened with economic pressure in the form of a customer or consumer boycott if

⁴ 93 CONGRESSIONAL RECORD, 4323.

⁵ *Douds v. Metropolitan Federation of Architects, etc.* (75 F. Supp. 672 (S. D. N. Y. 1948)).

the store does not stop doing business with the station with whom the union has a primary dispute. Indeed, the threat of loss of customers may be a much more vivid type of coercion to the small drug store than the threat of temporary loss of employees. The NLRB has recognized the coercive nature of a customer boycott in a recent case involving recognition picketing. Several years ago the Tenth Circuit Court also recognized the problem in *Capital Service*.⁹ If this type of activity, the organization of a customer or consumer boycott, is coercive under section 8 (b) (1) of the act there is no reason why it cannot be regarded as coercive when used against a secondary employer under section 8 (b) (4) of the act.

It may be argued by some that prevention of this type of economic coercion raises a constitutional question. We do not believe this to be so. The present secondary boycott section of the act prohibits only certain types of union activity * * * basically those which seek to induce or encourage employees not to perform work. The law does not prohibit employees from refusing to perform work either individually or, apparently, collectively. The application of the Curtis bill to our situation will not prevent individuals from refusing to patronize even a secondary company, but will merely prohibit a union or its agents from organizing or inducing a refusal to buy the goods or services of a secondary employer for one of the stated objectives.

The Curtis bill also covers a number of other important loopholes in the present law. These are important to broadcasters although their application to our industry is not unique as is, to some extent, the case with the secondary sponsor or customer boycott.

III. COERCIVE PICKETING

1. What is the problem?

One of the major unresolved problems in industrial relations is the matter of coercive representation picketing. The problem arises where a union seeks to gain representation of employees by use of the picket line and related techniques. Many of the cases and much of the discussion use the terms recognition and organizational picketing. Some people have tried to draw a distinction between the two, claiming that recognition picketing is, or should be, prohibited, while organizational picketing should be permitted.

2. Is there a difference between recognition and organizational picketing?

In theory, recognition picketing involves a situation in which the picketing union demands that the company recognize it as the collective bargaining agent. Organizational picketing, on the other hand, involves a situation in which the union declares that the picketing is merely for the purpose of inducing the employees to join the union. In New York State this distinction has been recognized as the dividing line between legal and illegal conduct in those situations over which State courts have jurisdiction, although there seems to be an increasing tendency to question the utility of these labels.

We believe that the labels have long since outlived their usefulness, if indeed they were ever useful at all. The distinction depends largely on what the union says that the purpose of the picketing is. Yet, this statement of purpose in no way alters the operative facts. In both recognition and organizational picketing cases the elements are a picket line, employees whom the union seeks to represent and an employer who runs the risk of substantial economic loss if the picket line is continued. The employer's loss is no less if the union says that

the picket line is for the purpose of organization rather than recognition. The interference with the freedom of choice of employees is no less merely because the organization description is used. The employer knows that the only way he can stop the economic pressure is to recognize the union. It would be fatuous to assume that a picketing union is likely to reject recognition merely because it has claimed that the picketing is organizational. If the employer capitulates, he has coerced employees in their selection of a bargaining agent. If he doesn't, the economic injury which is likely to flow from the picketing will adversely affect both him and his employees.

3. Should union activity of this type be prohibited?

Section 7 of the Wagner Act guaranteed to employees the right of self-organization through unions of their own choosing. This is the cornerstone of our national labor policy. The Wagner Act sought to prohibit employer interference with this right; the Taft-Hartley Act, in large part, simply added restrictions on union interference with the right. Freedom of self-organization is still today the basic premise of labor relations in the United States.

Given this stated public policy, it is difficult to conceive of rational justification of any activity, whether by management or labor, which significantly intrudes upon the right of employees to select or reject a bargaining agent. Coercive picketing for representation purposes clearly fits this definition. It should be prohibited.

Many experts have felt that section 8 (b) (1) of the Taft-Hartley Act, which makes it unlawful for a union or its agents to restrain or coerce employees in the exercise of their right to self-organization, prohibits coercive representation picketing. For almost 10 years the NLRB held otherwise. Recently, there has been a change. Within the last few months several decisions of the NLRB have declared representation picketing to be, under certain circumstances, unlawful.¹ These decisions have not yet received judicial confirmation. It is hoped that they will be affirmed and that the Board will continue its present policy. However, the history of the past 11 years shows that Congress should speak more clearly on this subject. What the present Board has done another Board, at another time, can undo. Coercive representation picketing should be prohibited once and for all.

State courts have, with increasing frequency, recognized coercive representation picketing as contrary to sound public policy. Despite procedural difficulties created by baby Norris-LaGuardia acts, the trend is clearly in the direction of granting injunctive relief against such picketing. Affirmative action at the State level is now, of course, restricted to those segments of industrial activity which are not subject to the provisions of the National Labor Relations Act.

4. What type of legislation is needed?

The delay in dealing adequately with the coercive picketing problem is attributable to a number of facts. In part, it results from the hangover effect of the climate in which the Wagner Act was passed. At that time, many people in the United States, including a good many employers, did not believe in the right of employees to self-organization * * * or if they believed in that right, they believed equally in the absolute right of management to select and discharge employees without restriction. That these two rights occasionally came into practical conflict—for example, in the situation

where an employee was fired for engaging in union activity—was a dilemma that they found difficult to resolve. The Wagner Act provided a resolution. The main problem at the time seemed to be employer interference and thus it was dealt with by the Congress. Only later was it realized by a substantial number of people that freedom of self-organization could be just as much hindered by actions of unions as by employer actions * * * that the right to join a union carried with it the correlative right to reject a union. If the first right is to be protected in a meaningful way, so, and with equal vigor, must the second right be protected. The Taft-Hartley Act, as has already been stated, moved in this direction.

Coercive representation picketing was not specifically referenced in the Taft-Hartley Act, except in one limited situation.² The failure to reference it was not, in our judgment, due to any acceptance by Congress of the validity of the tactic, but rather to lack of certainty as to how to deal with the problem. It has been confused in the public mind by associating the technique with legitimate organizing tactics. The impression has been fostered that it is impossible to distinguish between coercive representation picketing on the one hand and legitimate efforts to induce employees to join a union on the other. As in any situation involving statutory handling of complicated social relationships, there are tough cases—cases in which it is difficult to separate the good from the bad, the acceptable from the unacceptable. This problem is not unique to labor legislation. Possible difficulties in the close cases should not be permitted to prevent effective relief in the many situations where the activity can be clearly labeled as undesirable. Most situations will readily fall on one side of the line or the other. For the close cases we shall rely, as indeed we have always done, on the wisdom and the integrity of our judicial system.

We believe that the time has come to state a few simple truths about the nature of picketing which is carried on before the premises of an unorganized employer. Such picketing is not the normal way to communicate with the employees. Certainly, it is not the way to extol to them the values of unionization. Meetings, hand bills, letters, speeches and individual conversations—these are the stock in trade of those who would win the minds and hearts of others. This is so in politics and it is so in union campaigns. Every politician and every union organizer recognizes this fact.

A picket line is not part of this equipment. A picket line is an appeal to action, it is true; but—and this is a big "but"—it is not an appeal to the employees of the picketed employer, or at least it is only incidentally so. It is primarily an appeal to customers not to patronize and to suppliers not to deliver * * * in short, an appeal to third parties to assist in putting economic pressure on the employer and, thus, on his employees. How long must we maintain the fiction about this type of picketing? Better to argue that the picketing, and the coercion that flows from it, are necessary to sustain the cause of unionism * * * are necessary to protect hard-won union standards. This is at least an honest position. Indeed, in some cases it may be so. Whether this is reason enough to permit it, is, of course, another matter. But let's not continue to associate picketing in a representation situation with an appeal to the reason or to the emotions of the employees.

² Sec. 8 (b) (4) (C) of the Taft-Hartley Act, which makes it unlawful for a union or its agents to induce a refusal to perform work for the purpose of forcing an employer to recognize one union where another has been certified by the Board as the bargaining agent.

⁹ *Capital Service, Inc. v. NLRB* (204 F. 2d, 848 (9 Cir. 1953)).

¹ *Curtis Brothers, Inc.* (119 NLRB No. 33 (1957)); *Alloy Manufacturing Co.* (119 NLRB No. 38 (1957)); *Shepherd Machinery Co.* (119 NLRB No. 39 (1957)).

What is called for now is a clear Congressional statement that coercive picketing and related activity, which has the effect of interfering with the right of self-organization, shall be unlawful. Judgment as to particular acts in specific cases must, of necessity, be left to the Board and to the courts. It is submitted that in most of these cases a careful evaluation of the factual context will show whether the activity is coercive or not.

We do not propose a blanket prohibition against all picketing under all circumstances where a representation issue exists. For example, the traditional means of organizing employees is to stand at the gate at shift-change time and hand out materials urging support of the union. We would not intrude on this type of effort to enlist the support of employees. Most picketing in representation case situations bears little resemblance to this type of activity, although union adherents have often tried to bracket it in the same class. It is possible to conceive of cases in which the passing out of leaflets at the gate and certain types of picketing might resemble each other rather closely. These will be the difficult cases. Where, on the facts, the activity seems to be for the purpose of appealing to employees to join the union, it should be permitted. On the other hand, where, on all the facts, it seems primarily for the purpose of putting economic pressure on the employer and his employees, it should be prohibited.

Then there is always the difficult case of the single picket who walks up and down in front of the unorganized shop carrying a sign which merely asks the employees to join the union, or, in the alternative, which states that the employees are not members of the union. Much is made of this case because it points up the difficulty of the application of general language. The obvious and correct answer is that most cases are not of this type, a fact that is recognized by anyone who has kept track of the numerous court decisions in this area over the past few years. But even this case—the case of the single picket—can be handled without overwhelming difficulty. Here again we must rely on the intelligence and patience of the deciding tribunals—the Board and the courts. Where, on all the facts, the picketing seems to be an appeal to customers and suppliers rather than to employees, it is coercive and should be condemned. Relevant here will be such facts as the length, time and character of the picketing, other union activities relative to the same employer, and the response of employees as revealed by an election or similar reflection of interest.

Some who recognize the coercive nature of most representation picketing seek to defend it on the ground that it is compensation for the delaying tactics permitted by the NLRB representation machinery and for the lack of really effective protection against well-advised employer antiunion conduct. There may be some grounds for these charges. But the cure is not to permit another wrong. Ten wrongs piled one on top of the other do not make a right. The cure is in expeditious election machinery and stricter enforcement of the unfair labor portions of the act, if, after careful study, these are shown to be necessary.⁹

⁹Pertinent to this analysis are two situations in which representation picketing seems to some people to have a strong equitable base. The first is the case in which the union represents a majority, or perhaps even all of the employees. The second is where in an organizing situation the employer commits unfair labor practices. Neither situation arises very often, at least in relation to a representation picketing problem, but still they call for consideration.

On the first point expeditious election machinery would seem to be the answer. Let the matter be decided quickly by secret bal-

Not all broadcasters are in complete sympathy with the basic objectives of organized labor. Not all of them endorse the theory of self-organization, although most of them do. This is to be expected in an industry made up in significant part of small employers, many of whom live and work in small towns in rural areas. However, we believe that broadcasters generally want to abide by the law of the land, whether they agree with it or not. The law guarantees freedom of choice in electing or selecting a bargaining agent. To be meaningful, this guaranty requires a prohibition of coercion, whatever the source. If we are to abandon this major premise, let it be done deliberately after careful Congressional consideration of all the competing interests.

Senator CURTIS' bill, in addition to strengthening the secondary boycott provisions of the Taft-Hartley Act, prohibits coercive representation picketing. We strongly endorse both features of the bill. Recent decisions of the Supreme Court of the United States clearly indicate the power of the State to prohibit such activity where it is in fact, coercive and thus contrary to public policy.¹⁰

lot. Such is the purpose of the election procedure which has been in effect for more than 20 years. The second point is more difficult. Theoretically, the usual procedure of filing a charge leading eventually to a remedial order should be adequate. The rub is that eventually can be a long time, and in this type of proceeding it is difficult to move quickly.

To permit picketing merely because a charge has been filed would obviously encourage the filing of many charges having no substance at all. On the other hand, to deny all picketing seems to be tying the union's hands when an employer may be hitting below the belt. A resolution of the dilemma is difficult. We suspect that such a situation arises so very infrequently that complicated machinery is not worth the effort. If experience should prove this wrong, there are procedural mechanisms which can be developed to safeguard the rights of both parties.

¹⁰*International Brotherhood of Teamsters v. Vogt, Inc.* (354 U. S. 284 (1957)). Reconciling Supreme Court picketing decisions handed down over the past 20 years is an interesting exercise. The language of the Vogt case seems to be a long way from Thornhill and Swing. Some are perturbed and perplexed by the seeming inconsistencies—by the apparent lack of decisional continuity. They should not be. Indeed, it can even be argued that in a democratic society the pattern reflects a healthy responsiveness to changing concepts and changing conditions. An important function of courts of law in a society is to provide a cohesive continuity with the past and a felicitous transition to the future. The basic decisional principle of stare decisis exemplifies this judicial role. By definition and by function, therefore, the judiciary is essentially and necessarily a conservative social institution. Rapid social change involving complex social relationships—such as we have experienced in this country over the past 25 years—places a severe strain on the judiciary and on its traditional method of accommodation. Seeming and even actual inconsistencies are to be expected, even to be desired, in an evolving society.

Turning back to picketing, the issue has been, in our judgment, confused through the years by overemphasis on freedom of speech in the early days and more recently on the distinction between picketing as free speech and picketing as something more than speech. The latter distinction is, in our opinion, primarily relevant in mass picketing and related situations. Obviously, picketing is walking as well as talking (through a sign or otherwise). But most forms of communi-

IV. CONCLUSION

The association urges Congressional action to prohibit secondary boycotts and to outlaw coercive representation picketing. The first proposal does not break new ground. Secondary boycotts have generally been regarded as unlawful. Additional legislation is now needed to effectuate completely this longstanding public policy. The prohibition of coercive representation picketing is new, at least in terms of specific handling by Federal law. To us, at least, it seems long overdue. It is required to give meaning and substance to the cornerstone of our national labor policy: the right of employees to freely select or reject a bargaining agent.

The advocacy of these changes will undoubtedly bring from some quarters the cry of "antiunion." It will not be deserved. It is true that the changes, if enacted, will reduce labor's freedom to act just as the Wagner Act restricted management's freedom to act. Such restrictions are invoked in the interests of a larger welfare.

We do not think that these changes will significantly diminish the legitimate effectiveness of organized labor. The labor movement has not been built on such insubstantial and controversial foundations. It has been built, as it must be, on the voluntary acceptance of the constructive role that a union can play in a particular shop and in society as a whole. These important roles will not be furthered by reliance on techniques which are generally regarded as coercive and unfair.

STUDY ASKS UNITED STATES HIRING OF MORE BUSINESSMEN

Mr. THYE. Mr. President, in today's Washington Post and Times Herald there appeared a very timely article written by Carroll Kilpatrick. As it has a real message to all of us, I ask unanimous consent that it be printed in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

STUDY ASKS UNITED STATES HIRING OF MORE BUSINESSMEN

(By Carroll Kilpatrick)

The "new competition" with Soviet Russia is more likely to be won "in the sprawling bureaucracy of Washington, D. C., than on some remote battlefield," a report from the Harvard Business School Club of this city said yesterday.

Urging the importance of more business executives in Government, the report said it is as important to get the best men into Government service as into military service.

It urged a hard new look at recruitment of Government personnel and a new willingness on the part of industry to make senior officers available for tours of duty in Washington.

A central recruiting office should be established in cooperation with business to provide the ablest executives where they are needed in the Government.

More than 100 Harvard Business School alumni worked for over 3 years on the study, which was under the general direction of Wilford L. White, Chief of Management Serv-

cation involve words plus the physical act related to their presentation. To us the essential point of inquiry is not whether picketing is speech plus action but rather what the speaker is trying to say. If he is seeking to induce conduct which the legislature has reasonably condemned as having a coercive effect, the first amendment does not protect that communication. *International Brotherhoods of Electric Workers, Local 501, AFL, et al. v. NLRB* (341 U. S. 694, 701).

ices for the Small Business Administration, and Louis A. Traxel, former personnel chief of American Airlines. The study was financed by the Committee for Economic Development and the Fund for Adult Education.

Questionnaires were sent to 8,500 businessmen and career civil servants and private interviews were held with representatives of both groups. The findings were made available in a 43-page report.

"The evidence of our survey indicated that, whatever the need, there exists a frightening lack of interest in the business community for participation in the Government service," the report said.

Government service today "is looked upon by business in general (and the individual in particular) as a career detour," it said. "Notwithstanding this, there is a self-interest viewpoint that such service gives the executive a broadened experience which is useful both to himself and to his firm, as well as to the political system of which he is a beneficiary."

AVERAGE RECORD IS GOOD

The report said the businessman in Government is "neither the dragon of self-interest nor the angel of duty." But it said his record on the whole was a good one and in the public interest.

"There is overwhelming evidence that the rapid growth of the American Government has not been accompanied by a corresponding understanding in our society of the complexities and problems of modern day government nor of its tremendously increased impact upon the individual," the report said.

"Yet such an understanding is basic to the development of an environment in which the nature and the demands of Government service are understood—an environment that provides a fertile soil for both the enlistment and longer retention of qualified executives."

The report said it was a shocking fact that though the Eisenhower administration has been called a businessman's government, it has had an exceedingly difficult time getting the kind of businessmen it wants.

PARTY RESPONSIBILITY SEEN

Both political parties, it said, have an obligation to furnish candidates possessing specified abilities. "To do this properly, the party in power must develop a strong, formalized recruitment program stressing selection and placement," the report said.

"The party out of power, if it wants to get down to business immediately after winning an election, must take these steps before an election."

Tours of duty by businessmen should be for at least 2 years, the report said. The conflict-of-interests statutes should be clarified and persons from industry "should not be required to divest themselves of stocks and bonds if ownership * * * does not conflict with the use of honest judgment in their jobs."

The report called on Congress to recognize the human dignity and professional attainments of the executives and not subject them to needless harassment.

But it said the statutes and regulations are not too great a bar to acceptance of Federal employment.

HUMPHREY'S VIEWS CITED

The study said former Secretary of the Treasury George M. Humphrey was especially vehement about the conflict-of-interest statute and the nonstatutory regulations. He feels that honesty cannot be legislated, and that it is unfair to make appointed officials divest themselves of their investments while elected officials are subject to no such requirement, the report said.

Humphrey also believes it is outrageous to make a businessman give up his outside sources of income for the privilege of public service.

Humphrey accepted his Cabinet appointment because he believed Government service was an obligation and he wanted to be helpful to the Eisenhower administration. Industry should learn that it is for its own good to lend men to Government, Humphrey said, pointing out that it insures their having people who understand Government, its ways and methods, and so can facilitate any dealings their companies may have with Government.

As for self-interest, Humphrey said five businessmen whom he tapped for Government service have returned to private industry in much better positions than they had before.

CAREERS BETTERED BY SERVICE

Fourteen percent of the businessmen said their Government work helped them to get a new job. But 74 percent returned to the same company they had left.

"Strikingly, one-third of all of them returned to better jobs," the report said. "Even more impressive was the statement of 49 percent of the businessmen in Government that their business careers were enhanced by their background of public service, while only 4 percent said their careers had been injured."

"Generally the businessmen questioned were inclined to view the problem of Government service as either a duty or an opportunity to advance self-interest or a combination of both," the report said. "Most of them said they felt it was a duty, and a rewarding one at that."

Many of the businessmen said Government could obtain the services of able men if it would raise salaries. Of the businessmen now serving in Government, the median salary before entering the Government was \$15,800, with the middle 50 percent running from \$11,000 to \$31,200.

SEE FAMILIES LESS

Seventy percent of the businessmen in Washington said they could spend less time with their families than when they were in private employment.

"There was a strong suggestion of conflict between the career civil servants and the businessmen in Government," the report said. Many career civil servants accused the businessmen of taking Government positions to enhance their personal prestige. Yet the career employees "were, on the whole, quite complimentary in their recognition of the abilities of the businessman."

"They were most impressed by the fact that he brought something different into the halls of Government. They also were impressed by his ability to make decisions."

Eighty-one percent of the businessmen in Government said they were not bothered in the discharge of their duties by political party interference.

The remaining 19 percent said there was some pressure for preferential treatment of private interests. The others felt that there was pressure either relating to hiring and firing or in the direction of dictating policy.

CHANGES RECOMMENDED

On-the-job training was completely lacking or frequently not satisfactory, they said.

Nearly all the businessmen complained of Government redtape.

Among the major recommendations of the Harvard Business School Club were:

There should be a central recruiting office in the White House.

The business community should develop a greater appreciation of the importance of businessmen in Government.

Business must be quicker to respond to Government requests for able men.

Trade associations and industrial organizations should encourage the use of businessmen in Government.

Companies should define, adopt, and publish their policies on the subject of their executives going into Government service.

Educational institutions should place greater emphasis on educating the individual concerning his responsibility to Government.

A general philosophy to make public service a desirable factor in our society must be developed and recognized as a basic principle of our society. In the present context of world affairs it may have more to do with our survival than does the profit motive.

Career civil servants should utilize all their administrative skills to achieve promptly policy changes and personnel procurement requested by new administrators.

THE SUBVERSIVE CHICKEN

Mr. HOBLITZELL. Mr. President, I ask unanimous consent to have printed in the RECORD an article written by Ed White, which was published in the Charleston, W. Va., Sunday Gazette-Mail of May 18 under the heading, "The Subversive Chicken."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE SUBVERSIVE CHICKEN

(By Ed White)

One of my pet peeves for years has been the cost-of-living index figure. It first attracted my attention because of our small chicken operation—20 hens. I have always been suspicious of chickens, but when I discovered what they were doing to the price of automobiles, national freight rates, and my telephone bill, I decided it was time to investigate their subversive activities.

Take for example a hen that lays eggs. (Many of them are goldbrickers.) If you start feeding a pullet (young hen) in March, she lays eggs in December, and will continue until May. Then she stages a sitdown strike. Nature pushes a button in her teenie-weenie brain; old mother hen decides it's time to hatch those 100 eggs she's dropped; and she quits laying completely. This continues for about 60 days. Then she lays until fall when she has to change her coat of feathers, a process known as moulting. It takes so much calcium from her system to make the quills that she can't produce egg shells too; so the assembly line comes to a full stop for another 60 days.

Needless to say, these stubborn habits of chickens throw the American housewife into a tailspin. She can buy eggs from January through May for about 55 cents, but has to pay 75 cents from May to August. They are cheap until November and expensive through December.

But what this price fluctuation does to the housewife is small potatoes beside the effect it has on the national economy. Every time the price of eggs goes up, some pretty girl in the United States Department of Labor pushes a button and the new high price is registered in the cost-of-living index. Many labor union wage contracts are tied to the cost-of-living index figure; consequently, when my chicken refuses to lay an egg, their wages are increased. Other wage contracts are in the bargaining stage. If the cost-of-living index goes up, it gives them further justification and ammunition for wage increases.

The next step is an increase in the cost of automobiles, freight rates, and telephones to pay for the wage raise. Now, an increase in any one of the above items is later registered in a subsequent publication of the index figure, and wage increases in other industries soon follow.

The fallacy in the whole system is that the chicken starts laying again, and the cost of eggs returns to 55 cents; the price rise is

temporary. But the increased wage rates, reflected in the cost of manufactured articles and services, have become a permanent part of the economy and hold each other up.

You may think I'm stretching a point about my hen, but just read beyond the headlines the next time the index figure increases and see what items have caused it. Food is always one. If it isn't eggs, it's Florida fruits and vegetables, beef, pork, lamb. There is scarcely a season when some food is not in short supply. But it always comes down again. Grapefruit have been two for 25 cents as long as I can remember. We got less for our steers last year than we did in 1946. Broilers that sold for 25 cents a pound 10 years ago brought farmers as little as 15 cents last September. Fancy hogs that sold for 30 cents and better in 1951 brought as low as 10 cents in 1956; steak in stores is lower now than in 1951, but wage earners who buy it are making much more, are still complaining, and will get more next month when the index goes up because of the Florida freezes.

The effect of agricultural products upon the cost-of-living index figure can be very clearly compared with the effect of an automobile jack handle upon a jack. The handle goes up and down, but the jack keeps going higher, and stays there. I feel certain that the "planners" who set up this system for determining what was a fair wage never anticipated that it would become a built-in stimulus to inflation.

And it is ironical to consider that the innocent farmer and his recalcitrant chicken (or milk cow or tomato plant) should be the origin of an inflation from which he is the worst sufferer.

As long as economists adhere to this blind faith in the cost-of-living index figure, the effect of this egg that was never laid, coursing through the economic arteries of our country, will send the cost of living spiraling upward.

EFFECT OF FEDERAL FREIGHT TAX HIGH AGAINST SALE OF WESTERN GOODS IN MAJOR UNITED STATES MARKET

Mr. NEUBERGER. Mr. President—The PRESIDING OFFICER (Mr. CLARK in the chair). The Senator from Oregon.

Mr. NEUBERGER. I believe that a major across-the-board tax cut would be a mistake at this time, with the Government already committed to far higher spending in the fiscal year directly ahead.

On the other hand, there is one unfair tax which must be totally eliminated if the Western States are to share in an eventual return to national prosperity. This is the 3-percent Federal tax on freight shipments and 10-percent tax on all travel fares.

The bulk of the American market is concentrated in a 500-mile orbit around Pittsburgh. This means that western lumber, ores, fruits, grain, meat, and manufactured products must be shipped this vast distance across the continent to be sold in any quantity. Thus, the Federal freight levy actually amounts to a high protective tariff against the sale of western commodities in the major American market. This discrimination must be ended, before Congress even gives serious consideration to other forms of tax reform. Certainly, no other tax discriminates so cruelly against one particular region of the country.

Because taxes can be cut only to a reasonable degree—lest we have a colossal deficit and rampant inflation—I believe that advocacy of a sweeping across-the-board tax cut actually reduces the likelihood of eliminating the Federal taxes on freight and travel. That is why I rejoice over the fact that the consensus at the current annual conference of United States governors in Florida seems to be adverse to a general tax cut at this time.

First and foremost, Mr. President, the taxes on freight and travel must be repealed completely. Such revocation would accomplish three basic purposes. They are these:

First. The Western States would be more nearly on a parity with the rest of the Nation in selling and marketing goods and merchandise.

Second. Some relief would be furnished for the hard-pressed railroad industry.

Third. The pyramiding 3 percent of the freight levy would be taken out of the cost of every single necessity, from loaves of bread to baby buggies.

Surely, Mr. President, this is the paramount obligation in the field of tax reform facing this 2d session of the 85th Congress.

I ask consent to have printed in the RECORD with my remarks, an article which appeared in the Washington Post and Times Herald of May 19, 1958.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOVERNORS ARE AGAINST UNITED STATES TAX CUT—HARRIMAN IS ONLY ONE AT CONFERENCE ADVOCATING SLASH

(By Edward T. Follard)

MIAMI BEACH, FLA., May 18.—Gov. Averell Harriman, of New York, today advocated a reduction in Federal income taxes as one way to combat the economic recession.

However, his was the only voice raised for a cut as the 50th annual meeting of the governors conference opened in the Americana Hotel today. A surprisingly large number of governors, Democrats and Republicans, came out against a cut.

Gov. Lloyd Stratton, of Illinois, a Republican, said that it would be "the height of folly" to have a tax cut when the Federal Government is threatened with a budget deficit of something like \$10 billion in the next 2 fiscal years.

"Let's not deceive the people by telling them that the Government could add billions to its spending and reduce taxes without further cheapening the dollar," Stratton said.

LEADER OPPOSES CUT

Gov. George M. Leader, of Pennsylvania, a Democrat, was just as strongly against tax reduction, but not for the same reasons.

"Frankly," he said, "I don't see how you can have a tax cut at a time when the Russians have put a 1½-ton satellite into orbit, when 5 million are unemployed, when there are not enough schools, and when the country needs a hospital building program."

Others who spoke out against a reduction of Federal income taxes were Gov. James P. Coleman, of Mississippi, a Democrat, and Govs. Harold W. Handley, of Indiana, Robert E. Smylie, of Idaho, and Victor E. Anderson of Nebraska, all Republicans. Gov. Robert B. Meyner, of New Jersey, a Democrat, sidestepped by saying that a tax cut ought to be studied from the standpoint

of whether it would stimulate business and halt the recession.

NONPARTISAN POLITICS

This annual meeting of the Nation's governors, like all such get-togethers, is supposed to be nonpolitical, or at least nonpartisan. So they are from the standpoint of the governors' roundtable discussions on the business of running a State.

However, the governors are politicians, usually very shrewd ones, who have a good deal to say about the choice of Republican and Democratic nominees for President of the United States. That is why political reporters come here from Washington and from all parts of the country.

Thirteen governors have gone on to win elections to the Presidency, which is why a governor ordinarily is a better bet to reach the White House than a United States Senator.

A curious situation exists among Republican governors this year. None seems to have his eye on the Republican presidential nomination in 1960. All apparently take it for granted that Vice President RICHARD M. NIXON has that prize nailed down 2 years in advance.

VEEP PROSPECTS DISCUSSED

Such speculation as was heard here about the Republican national ticket for 1960 had to do with the vice presidential nomination. Among those mentioned in this connection were Governor Stratton and Gov. Theodore R. McKeldin, of Maryland.

Asked about the boom for him, Stratton said:

"I don't indulge in daydreaming. Why any governor would want to be Vice President is beyond me."

Here Governor Stratton must have thought that he had gone too far.

"Don't get me wrong," he said. "It is a great honor. But I have never heard of any man running for the vice presidential nomination."

Governor Harriman, who is eyeing the Democratic nomination for President despite his age (66), said it was too early when asked about 1960. He said his only concern right now is to win another term as Governor of New York.

Harriman, in talking about the recession, said he favored not only a cut in Federal taxes for the low and middle-income groups, but abolition of most excise taxes and a big Federal program of public works.

He declined to speculate on how long the recession would last, saying it depends largely on what the Eisenhower administration does to reverse its inept policies.

RIBICOFF PICKS KENNEDY

Gov. Abraham A. Ribicoff, of Connecticut, a Democrat, was asked on a Meet the Press program here this evening which Democrat he thought was in the lead for the party's presidential nomination in 1960. He answered by saying that his own preference was Senator JOHN F. KENNEDY, of Massachusetts.

Did Ribicoff think KENNEDY would run well in the South?

"Yes, I do," he said. "He'd do just as well in the South as any other candidate."

In reply to another question, Ribicoff said it was his guess that Adlai E. Stevenson, the Democratic presidential nominee in 1952 and 1956, would not be a candidate 2 years hence.

The Governors will have their annual State dinner Monday evening, and the principal speaker will be Dag Hammarskjöld, Secretary General of the United Nations. On Wednesday the speakers will be Secretary of Defense Neil H. McElroy, who will talk on "Military Defense and New Weapons," and Secretary of the Treasury Robert B. Anderson, whose topic will be "Economic Aspects of National Defense."

TEN DAYS THAT SHOOK THE UNITED STATES OF AMERICA

Mr. PROXMIER. Mr. President, yesterday the Milwaukee Journal carried a brilliant and disturbing lead editorial. This editorial traces the disastrous events of the past 10 days. The editorial calls the last 10 days the blackest for this country since the early months of the Korean war. I shall read only a few brief concluding lines of this editorial, and I do so because I think it is imperative the Congress and the administration realize the enormous challenge we face. Here is how this editorial concludes:

Can any thoughtful citizen find in these events a picture of American power, prestige, or good will?

Yet still there seems to be no deep concern in Washington. There is no feeling of urgency. The happy assurances, familiar boasts, and tired alibis pour out of the White House and Department of State just as they have for nearly 5½ long years.

We react to Communist proposals and actions, but seldom anticipate them. We seem to watch almost helplessly as communism gains with its adroit economic, political, and propaganda maneuvers.

We offer no new plans or programs to inspire and guide mankind.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD following my remarks at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TEN DAYS THAT SHOOK THE UNITED STATES OF AMERICA

The last 10 days have been dark ones for the United States—possibly the blackest since the early months of the Korean war. Here is the record:

May 8: Vice President Nixon, on a goodwill tour, stoned by a crowd in Lima, Peru.

May 10: Angry mob sacks the United States information library in Tripoli, Lebanon.

May 11: Pro-Western forces win election in Greece, but Communists come in second, increasing parliamentary seats from 17 to 78.

May 12: Revolt flares against pro-Western government in Lebanon; United States library in Beirut sacked and burned. Election returns in Laos show significant gains for Communist oriented party.

May 13: Vice President Nixon attacked by mobs in Caracas, Venezuela. United States orders Marines and paratroopers into the Caribbean. French military forces seize control in Algiers, mobs attack United States library, riots shake Paris. Department of Commerce reports gross national product (value of national output of goods and services) down 4 percent from peak, making current recession worst of postwar three.

May 14: United States sends additional naval forces into eastern Mediterranean and airlifts police equipment to threatened Lebanese Government.

May 15: Russia announces orbiting of new sputnik, 100 times heavier than largest American satellite. General De Gaulle makes move for power in France.

May 16: France placed under virtual state of siege to cope with perils of civil war and De Gaulle coup d'etat. Soviet Premier Khrushchev pledges President Nasser of Egypt "all the help you need from us" to unite Arab world.

Can any thoughtful citizen find in these events a picture of American power, prestige, or good will?

Yet there still seems to be no deep concern in Washington. There is no feeling of urgency. The happy assurances, familiar boasts, and tired alibis pour out of the White House and Department of State just as they have for nearly 5½ long years.

We react to Communist proposals and actions, but seldom anticipate them. We seem to watch almost helplessly as communism gains with its adroit economic, political, and propaganda maneuvers.

We offer no new plans or programs to inspire and guide mankind.

RESIDENCE REQUIREMENT DENIES FOOD TO WISCONSIN FAMILY

Mr. PROXMIER. Mr. President, an article in the Madison, Wis., Capital Times of May 3 dramatically points up a shocking situation which is absolutely indefensible in our Nation today.

This article relates that a 24-year-old northern Wisconsin mother, beset by a string of misfortunes, has been denied help from public sources for her five young children. She has been denied public help because of a technicality resulting from Wisconsin's new law requiring a year's residency in the State as a condition for eligibility for public assistance. The result is that this mother, after exhausting all possible public and private sources of aid, went to an attorney to ask if her children could not be put in a State school where they might be fed. This mother aimed to prevent her children from going hungry, she said, "Even if she had to give them away."

This mother was born in Wisconsin and lived in the State nearly all her life. What lost her eligibility for public assistance was the fact that the family left the State to seek employment in another State. She was out of Wisconsin for only a few months.

Mr. President, Wisconsin was one of the last States in the Nation to attach such a residency requirement to its public assistance eligibility. This requirement was adopted by the Wisconsin Legislature a year ago. It has, in this year, caused a number of hardship cases. It was substantially a factor in the pneumonia death of a 1-year-old baby girl in Milwaukee last winter.

I have introduced in the Senate a bill to abolish such residency requirements as a condition for federally supported public assistance. I believe this case clearly illustrates the need for this type of legislation. I believe it should receive the earliest possible consideration.

Mr. President, I ask unanimous consent that the article to which I have referred be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TOTS HUNGRY UNDER RESIDENCE LAW—MOTHER IN PLEA TO THOMSON—STATUTE MAKES AID IMPOSSIBLE

(By Elliott Maraniss)

Penniless, abandoned, and helpless, a young Wisconsin mother today turned to Governor Thomson for help in saving her five children from starvation.

The scene of this grim ordeal is a windswept log and tarpaper shack in the far northern county of Bayfield. There, not far

from where she was born of Indian parentage, 24-year-old Dorothy Jelinek waits for the string of her misfortunes to run out.

Her last hope is an impassioned appeal for help addressed to the Governor in her behalf by a Bayfield County attorney. The 1-year residence requirement for public assistance adopted last year by the legislature bars this Wisconsin girl from any aid from public funds until November.

Mrs. Jelinek is a tall, graceful, young woman.

"She looks like an Indian princess," said a neighbor who has been helping the family out of her own small resources. "She is a quiet woman and a good mother."

A hard and uncertain life followed a youthful marriage. Last summer the husband took the family south in search of employment. By November they were back in Bayfield. In February he left without a word and has not been heard from since. All that remained of the marriage were the 5 children: Larry, 7; Jimmy, 5; David, 3½; Susan, 2½; and Irene, the 1-year old baby.

Mrs. Jelinek held out pridefully alone for 3 weeks. When the food ran out she took Larry out of school, bundled up the entire family, and appeared at the Bayfield city relief office.

There the residence law put rigid restrictions on the amount and duration of relief that could be offered. The short period in which the mother and children had been out of the State cost them their eligibility under the law. Not until November 1958 would they be eligible for aid to dependent children assistance.

Bayfield authorities furnished the 20 days of emergency relief provided by the law. This consisted of a grocery order for \$20.62 and a fuel order for \$18.70, both given on February 17, 1958. No further public aid was furnished, nor could it be under the law.

On April 3 the Red Cross supplied a grocery order of \$10. Last Friday another \$10 grocery order was given by the Red Cross. A few neighbors have given some food. One anonymous woman gave \$10.

Since February 17, then, the family of Dorothy Jelinek has subsisted on grocery orders, from both public and private sources, totaling \$40.62 and \$10 in cash.

Now Dorothy Jelinek had one single aim: to prevent her children from going hungry, even if she had to give them away.

Two weeks ago she appeared in the office of Elizabeth Hawkes, an attorney in Washburn in Bayfield County. She asked if Miss Hawkes could help put her children in a State school where they might be fed.

This was Miss Hawkes' first brush with the new residence law, also. She investigated the circumstances that had brought Dorothy Jelinek to her current plight. Then she looked up the law. Then she put forth all her sense of shock and her horror in a letter to Governor Thomson. Here are some excerpts:

"I assured this woman that probably there had been a misinterpretation of the law; that whatever the case might be, her children and she would shortly have proper assistance."

"It isn't necessary for me to tell you how empty that assurance has proven to be."

Searching for some way to help Dorothy, Miss Hawkes offered several possibilities to the Governor and to the attorney general. She wrote:

"The last sentence of the section (in the law) provides that assistance may be extended beyond 20 days if a medical emergency requires further extension."

"It is a certainty that a medical emergency will shortly exist, via the malnutrition route. I dare say the health of these children is already impaired."

Miss Hawkes also wrote that it was her opinion that the 20-day limitation applies only to a particular municipality.

"If that opinion is not incorrect," she wrote to Thomson, "I could advise this woman to leave Bayfield, get whatever free transportation she might be able to find for herself and her five children, or walk to Washburn, where there is a relief agency, and there remain 20 days; then, at the end of that time to move on to the city of Ashland, and thus southward, continuing until November 1, 1958, at which time perhaps she would have overcome the obstacles of the law.

"This would constitute a measure of cynicism, however, to which I cannot resort."

Miss Hawkes suggested that the Governor initiate action to get the State emergency board to make an appropriation that could be expended by the department of public welfare for the Jelineks and other families in similar straits.

An additional or alternative action, she wrote, would be to get the attorney general to consider a continuing starvation diet to constitute a medical emergency that would justify granting of relief beyond 20 days.

As a final alternative, all else failing, Miss Hawkes suggested:

"If there is no other course within the law, then it is not worth while to consider a special session of the legislature to correct this grisly act?"

NORWEGIAN INDEPENDENCE DAY

Mr. PROXMIER. Mr. President, Saturday was a great patriotic and historic day for Norwegian people. It was the anniversary of Norwegian independence, and freedom-loving people everywhere joined in recognizing the importance of that day.

On May 17, 1914, Norway broke away from a union with Denmark and established her own government and constitution. Norway and Sweden continued to be united under one king—each with its own constitution and parliament—until 1905, when Norway declared the dissolution of this union and crowned King Haakon VII, King of Norway.

Mr. President, no country today can claim a greater dedication to freedom and democracy than Norway. The United States has no more steadfast ally in the battle against Communist imperialism than Norway. No country is more firm in its adherence to the NATO alliance for Western defense than Norway. I had this conviction vigorously reinforced last fall when I visited Norway. I talked to Norwegian business, labor, and farm leaders, and I was deeply impressed by the absolute dedication of Norway to freedom and the Free World.

In our country, Norwegian-Americans have contributed admirable qualities to our cultural heritage. In my State of Wisconsin, Norwegian settlers established many fine communities where their admirable standards of industry, democracy, thriftiness and progress still predominate.

Wisconsin citizens of Norwegian descent have been among the foremost architects and builders of the great liberal political programs of my State. They work today at the head of the liberal movement in Wisconsin.

All of Wisconsin is proud of the contributions to its cultural and political

heritage that have come from its citizens of Norwegian descent. Our State is proud of the good work which is being done today by its many Norwegian nationality organizations and groups, and their continuing contribution to our State's progress.

Mr. President, it is highly appropriate that we in America should salute our Norwegian allies and our own citizens of Norwegian descent as they celebrate this national holiday. It is equally appropriate that our Nation should reaffirm its sympathetic friendship and mutually beneficial defense alliance with Norway at this time.

But this great ally depends on international commerce as an important segment of its economy, it is likewise appropriate for Congress to give every sympathetic consideration to mutually beneficial trade agreements between our two countries. Nothing is more important to NATO and our Norwegian-American alliances than the continued economic strength of their members.

Mr. President, I warmly congratulate Norwegians everywhere on their Independence Day.

SOUTH TEXAS COUNTY JUDGES AND COMMISSIONERS ENDORSE SOUTH TEXAS VETERANS' HOSPITAL

Mr. YARBOROUGH. Mr. President, I recently received a letter from the Honorable Elmer Zahn, a county commissioner of Brooks County, Tex., and secretary-treasurer of the South Texas County Judges' and Commissioners Association, enclosing a copy of a resolution adopted by that organization in convention in San Antonio on April 22, 1958.

This resolution points out the crying need for a veterans' hospital to serve the 300,000 veterans who live in the vast empire of south Texas. I have long advocated a veterans' hospital for south Texas, and on July 19, 1957, I introduced S. 2590, providing for the immediate construction of a veterans' hospital in the south Texas area. This bill is still pending in the Committee on Labor and Public Welfare, and the 300,000 veterans in this vast section of Texas must be served by only the 160 beds which are now available.

Mr. President, I am hopeful that S. 2590, which I introduced last year, will soon be reported by the Committee on Labor and Public Welfare, and that Congress will speedily pass it.

I ask unanimous consent to have printed at this point in the RECORD the resolution adopted by the South Texas County Judges and Commissioners Association on April 22, 1958.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Is there objection to the request of the Senator from Texas?

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas two bills are now in the United States House of Representatives, Veterans' Affairs Committee, and a similar bill is also before the United States Senate in respect

to building a 300-bed VA hospital in south Texas; and

Whereas the need for this hospital has been proven by the established fact that the 160 beds now available are wholly inadequate for over 300,000 veterans in the area; and

Whereas county funds are now being used in many cases where eligible veterans could be hospitalized at Federal expense if facilities were available: Now, therefore, be it

Resolved by the South Texas County Judges and Commissioners in convention assembled, That this association does hereby place itself on record as favoring the construction of a 300-bed veterans hospital in south Texas.

THE SHAME OF THE STATES—ARTICLE BY SENATOR KENNEDY

Mr. CLARK. Mr. President, in yesterday's New York Times magazine there was published an article written by the distinguished junior Senator from Massachusetts [Mr. KENNEDY], entitled "The Shame of the States." I hope not only all my colleagues but all those who are seriously interested in some of the defects in our present Federal, State, and local form of Federal Government will give serious attention to the article.

Mr. President, I ask unanimous consent that the article be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE SHAME OF THE STATES

(By Hon. JOHN F. KENNEDY, of Massachusetts)

WASHINGTON.—Just 50 years ago Lincoln Steffens and his fellow muckrakers exposed "the shame of the cities." In city after city, they documented the sorry record of bossism, bribery, and graft, the degradation of officials, police, and public. Mayors were either the venal bosses of dishonest machines or figureheads for the bosses. The meeting of any board of aldermen could be completely cleared, a wag said, by a prankster shouting: "Alderman—your saloon is on fire." It was an age in which Mr. Dooley could observe that city bosses were fine, strong American citizens—with their hand on the pulse of the people and their free forearm against the windpipe.

Whatever the truth of these charges may have been 50 years ago, they are not true today. Fifty years of reform and reconstruction of municipal government have produced a new breed of able political leaders and civil servants, playing a wholly different and highly competent role in the management of their towns and cities, their States and Nation. The oldtime machines and bosses, the politically managed police department, the purchase and control of elections—all of these and other causes for shame have, on the whole, given way to the honest, efficient, democratic kind of municipal administration the voters have rightfully demanded.

Yet our urban areas have only exchanged one set of problems for another. Growth has outrun reform; achievement has been dwarfed by need. State and local governments, for example, have increased their employment twice as fast, in this century, as the rate of growth for the Nation's total population and employment. Their expenditures are 30 times the 1900 level, far outstripping the Nation's economic growth. In the last 10 years alone, the financial demands on local government have doubled. A record proportion of cities are mired in a deficit position. The difficulties of such a position were accentuated last year when tight-money policies made borrowing more difficult and

more costly; and they are accentuated now by the contraction of investment capital at a time when relief and other needs are multiplying.

Able and devoted city officials are overworked and underpaid. Necessary programs and services are either cut back or defaulted. Far from progressing, most urban communities are hard pressed just to hold their own.

The shame of our cities today is not political; it is social and economic. Blight and decay in urban government have been replaced by blight and decay in the cities themselves. They suffer from overcrowded and hazardous schools, undermanned with underpaid teachers—halfway education in half-day sessions. They suffer from slum housing, congested traffic, juvenile delinquency, overcrowded health and penal institutions, and inadequate parking. They lack parks and recreational facilities, too often crowded out and ignored in the hasty, haphazard growth of the metropolitan areas.

In a blighted city, economic and social malaise go hand in hand. Industries move out, and so do their markets. The city's core tends to become a community of only the very rich and the very poor. Downtown merchants lose their customers and their ability to match the attractiveness of suburban rivals. As the community deteriorates, the tax base shrinks, the tax burden on those who remain grows heavier—and the community deteriorates further. "The thing generally raised on city land," wrote Charles Dudley Warner, "is taxes."

The efforts of many local governments to eradicate this shame, to rebuild our cities and restore their health, have been inspiring. But all too often they have had to do the job alone, even though the work affects many living outside the town or city's corporate limits.

The education of our children, the control of air and water pollution, the expansion of airport facilities, provisions for civil defense, the treatment of the mentally ill—these and other problems are not confined within city limits or even to metropolitan areas. They affect us all; they are of concern to us all. Juvenile delinquency bred in city slums seeps steadily outward. The traffic jams of the city become—at least twice a day—the headache of the suburbs.

The burden for coping with these problems rests—logically or illogically, fairly or unfairly—upon our municipal governments primarily. But the harsh facts of the matter are that these local governments receive all too little help and cooperation from Washington and the State legislatures. They are refused adequate Federal and State funds for the programs they need so badly, and for which they have paid so heavily. They contribute the lion's share of Federal and State taxes, but an equitable share is rarely returned to them. They have been preempted by the Federal and the State Governments from the best sources of tax revenue.

They have been held back and hamstrung by antiquated debt limits, patchwork city charters and prehistoric municipal boundaries which uninterested and distrustful legislatures balk at altering. Often, they have been denied even the right to manage their own affairs.

But a majority of Americans, 100 million strong, live in the metropolitan areas. They cast the majority of votes, they pay the largest share of taxes. Why do they not exert their power politically to secure their rights and their needs?

This is the root of the problem. For the sad answer is that the urban majority is, politically, a minority, and the rural minority dominates the polls. Of all the discriminations against the urban areas, the most fundamental and the most blatant is political: the apportionment of representation in our legislatures and (to a lesser extent) in Congress has been either deliberately rigged or

shamefully ignored, so as to deny the cities and their voters that full and proportionate voice in government to which they are entitled. The failure of our governments to respond to the problems of the cities reflects this basic political discrimination.

Rarely, in electing State legislatures, does an urban vote, in effect, count for as much as a rural vote. At one time, in a then largely rural nation, legislative strength was heavily weighted in favor of rural areas. Though times have changed, many legislatures have not. They have gerrymandered the shape of legislative and Congressional Districts. They have left District lines unchanged (for as long as 50 years) without adjusting representation to population shifts.

In some cases, urban dwellers are constitutional minorities. The State constitutions are so written that an urban area, no matter how large, cannot win a legislative majority. One method is to give every town or county, regardless of size, one seat in the legislature. What sounds like equality is in reality rank discrimination.

Whatever the means, the result has been systematically and often deliberately to deny the cities their fair share of political power. Our legislatures still represent the rural majority of half a century ago, not the urban majority of today.

In one State, 13,000 rural citizens have as many State senators as 4 million urban dwellers. In another, a city with one-eighth of the State's population has less than one-sixty-eighth of the representatives in its legislative assembly. There are States where as little as 10 percent of the people can elect a majority in one house of the legislature. The citizens of one urban area pay 25 percent of the State's taxes—but have less than 2 percent of the legislators who appropriate them. Indeed, in more than half the States, a majority in at least one legislative chamber is elected by less than a third of the voters.

Even in Congress, America's urban majority is not equitably represented. The same malapportioned State legislatures, after all, apportion Congressional seats. When, in 1956, the Senate debated the Mundt-Coudert proposal to apportion electoral votes along the lines of Congressional Districts, I learned in startling detail how many of our urban citizens are shortchanged in their Congressional representation. In one State, an urban Congressman has 800,000 constituents. A rural Congressman in the same State represents just over 200,000 people. In at least 18 States, the city dweller's vote is in effect worth less than his rural neighbors. In at least seven of the States, a Congressman from a sparsely settled area represents less than half as many people as his colleague from that State's major urban area.

In some States, all urban voters are combined in one outsized district that has no more representatives than a tiny rural area. In others, the metropolitan area is split up by shrewdly but curiously drawn district lines that disperse the city voters into surrounding rural or suburban areas where their minority voice is barely heard. In some States the legislatures have simply failed to redistrict in keeping with urban growth—in others they have redistricted but in a discriminatory pattern.

In a big city in one typical State, the average Congressional District contains 404,000 people. Outside the city, the average District contains 322,000. This is not an uncommon picture of the systematic discrimination that besets the cities. The balance of political power is distorted far over to the rural end of the scale.

None of us, rural or urban, benefits in the long run from this situation. Our politics should not become a battle for power between town and country, between city-dweller and farmer. The principles at stake go much deeper than that. For whenever a large part of the population is denied its

full and fair voice in government, the only result can be frustration of progress, bitterness, and a diminution of the democratic ideal. Country and city are interdependent; conflict and discrimination cannot serve the interests of either.

We in the Congress are constantly warned about the centralization of functions in Washington. We are urged to disperse many activities to State governments closer to the people. We are asked to turn back to the States the task of meeting many of the urban problems which Congress—despite its own imbalance of urban representation—has attempted to meet. The present administration has—first with the Kestbaum Commission and more recently with a special committee of Governors—explored ways of moving in that direction.

I am not a believer in the omnipotence of Federal bureaucracy; I see no magic attaching to tax money which has flowed to Washington and then back again. But as long as our State legislatures are not fully responsive to the urban areas and their needs, there is no practical way in which Congress can avoid its responsibility for meeting problems that are national in concern.

For all its limitations, Congress stands in shining contrast to many State legislatures in responding to the needs of the city and its people. As a Member of Congress, I would not presume to instruct the State legislatures in their responsibilities. But I do insist that Congress cannot yield vital public functions affecting our metropolitan majority to State legislatures dominated by rural minorities. To do so would consign almost two-thirds of a nation to second-class citizenship. As long as democracy is distorted in this fashion, our cities will inevitably turn from unsympathetic State legislatures and seek help from a more responsive source—the Federal Government.

The cities of America cannot afford to become wholly dependent upon unsympathetic and unrepresentative State legislatures for assistance in tackling their problems of urban redevelopment and all the rest. It is apparent now that our growing classroom shortage cannot be met by State aid alone.

It is apparent, too, that we cannot leave it up to the States to fix standards for unemployment insurance payments. Today, when the cushioning effect of this system is most needed, it is woefully inadequate in too many States which have failed to raise their benefit levels since the low-wage days of the depressed 1930's. Those on the State level who talk longest and loudest about returning these and other functions to the States ought to take an equally long look at what might well be called in 1958 "the shame of the States"—their unrepresentative State legislatures.

I do not claim that fair and equal representation offers any panacea for the city's ills. Even given sufficient funds and authority, too many of our cities suffer from a lack of trained personnel, from a multiplicity of governing units, and from the political, housing, and other personal habits and trends of our population. But whatever their handicaps, our urban officials are more familiar with, responsible for, and responsive to our urban needs. The recent example of the strong anti-public-housing Congressman who became a strong pro-public-housing mayor is a vivid illustration of this point.

Housing legislation, school legislation, labor, and similar measures of primary concern to our cities have been defeated in the Congress in recent years by narrow margins. Had our urban areas been fully represented, there is every indication that the outcome might have been different. I have no doubt that our cities have experienced similar frustration on rollcalls in our State legislatures—denied their fair share of State funds or the legislation necessary to tackle their problems,

The great difficulty in stating these problems is that there is no apparent solution. Reform of our State legislatures depends upon the unselfishness of our State legislators. They are both the perpetrators and the beneficiaries of the present malapportionment. When they undertake reform—when they restore to our metropolitan areas their full suffrage—many of them do so at their own expense. Even the Congress is reluctant to require fair apportionment as a condition for representation. Appeal to the courts is an unlikely avenue of relief, for the Supreme Court has made clear its belief that such change depends basically upon political, not judicial, processes.

Our greater reliance, therefore, must be on the sheer weight of logic and morality in support of what is right, practical, and necessary. As our cities grow and their problems mount, the pressures for reform will increase. Perhaps an aroused public, a vigorous press, and the force of the democratic tradition will create an irresistible demand for justice to the second-class citizens of the city and its suburbs.

One hundred million citizens—constituting a majority of the Nation—will not forever accept this modern day taxation without representation. If there is a "shame of the cities" today, it is the failure of our urban dwellers and their spokesmen to be aware of these discriminations—and to press more vigorously for their elimination.

Mr. CLARK. In his article the Senator from Massachusetts [Mr. KENNEDY] has pointed out the fact that since the days of Lincoln Steffens our municipal governments, by and large, have acquired a new ability and a new facility to cope with their problems. In the days of Lincoln Steffens and the days of Lord Bryce it was thought that municipal government was the great shame of American democracy. That, however, as the Senator from Massachusetts so ably sets forth, is no longer the fact. It is with respect to our State governments rather than our local governments that we find an inability to measure up to the challenges of our times, and their failure to do so in turn throws back on the Federal Government many a problem which more alert State governments would make it possible to keep at the State level. Since the States do not handle the problems, the Federal Government must act. As a former mayor of a large city I am keenly aware of this problem.

The article written by the junior Senator from Massachusetts also makes plain that there is a great malrepresentation both in State legislatures and in the Congress itself—in particular, the Senate—with respect to our urban citizens, who now constitute more than 100 million of our population, a clear majority of the Nation. Despite this, the crying needs of the cities are not given adequate attention either in Washington or, indeed, at the State level, because our representative form of government does not give them appropriate representation in either the Halls of Congress or in the State legislatures.

Mr. President, I believe the article is of particular interest to all Members of the Senate because of the way States have been admitted into the Union. For example, 20 States—having a total of 40 votes in the Senate—have a smaller total population than the city from which I am proud to come, Philadelphia, yet each one of those votes can be cast in

the interest of measures which may well defeat the legitimate needs of our cities.

I make these comments to my colleagues only to ask them to bear constantly in mind the need for tolerance and the need for consideration of the requirements of our great urban communities, so that as we go along in this Congress and in the next two—in which I hope, God willing, I shall have the privilege of serving—the needs of our urban communities will receive sympathetic attention from our colleagues who come from the less densely settled areas.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield to the Senator from Illinois.

Mr. DOUGLAS. I am glad the distinguished junior Senator from Pennsylvania has spoken as he has on this subject. He modestly omitted the fact that his administration of the city of Philadelphia was probably the most distinguished that city has received in the course of a century. The Senator made a magnificent record while serving as mayor of Philadelphia. He solved the problems of Philadelphia insofar as one man could solve them in a short space of time under the limitations imposed on the taxing powers of the cities and the restrictions placed upon the cities by the State legislatures.

I am glad the Senator has brought to the attention of the Senate and the country the disadvantages under which the great metropolitan centers labor.

I never progressed as far in city government as did the Senator from Pennsylvania. I never rose above the position of alderman. At the time I served as alderman, the ward which I represented in the City Council of Chicago had a larger population than the entire State of Nevada. A consideration of some of the illustrations—for example, that Nevada now has 150,000 people, and has 2 Senators; New York has 16 million people, and has 2 Senators; Pennsylvania has 12 million people, and has 2 Senators; Illinois has 9½ million people, and has 2 Senators—makes readily apparent the great numerical disadvantage under which the cities labor in the Senate, which is fashioned permanently in the Government by section 3 of article I of the Constitution.

So I wish to join the Senator from Pennsylvania in expressing appreciation to the Senator from Massachusetts for highlighting this problem, which is something the rest of the Nation needs to take to heart.

Mr. CLARK. I thank my friend from Illinois for his kind words.

Mr. NEUBERGER. Mr. President—

Mr. CLARK. I suspect that I have exhausted my 3 minutes.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. CLARK. Mr. President, I ask unanimous consent that I may yield to the Senator from Oregon for not more than 1 minute.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Oregon may proceed.

Mr. NEUBERGER. Mr. President, my views coincide with those of my able colleagues from Pennsylvania [Mr. CLARK] and Illinois [Mr. DOUGLAS], regarding the outstanding article published in the New York Times magazine of yesterday, by the able Senator from Massachusetts [Mr. KENNEDY].

I emphasize that we need to bear in mind not only equality of representation in State legislatures, but also the fact that in the other body of the Congress the districts have not been kept to proper size. There are some Members of the House who represent 200,000 people, and others who represent 700,000 or 800,000 people, whereas the Constitution of the United States requires that they shall represent approximately the same number of people. Thus the attention which the Senator from Massachusetts has focused so capably upon State legislatures can also be brought to bear on Capitol Hill, in Washington.

Mr. CLARK. I thank my friend. The Senator from Massachusetts, in the article to which I have referred, makes the point which the Senator mentions. He gives names, and pertinent statistics.

NORWEGIAN SUGGESTION FOR INTENSIFIED ECONOMIC COOPERATION CAN HELP FURTHER WESTERN SUCCESS IN PRE-SUMMIT PARLEY

Mr. WILEY. Mr. President, 2 weeks ago in the NATO Foreign Ministers' conference in Copenhagen, the distinguished Foreign Minister of Norway, Halvard Lange, presented an analysis on world affairs which I believe deserves the attention and consideration of all of us.

Mr. Lange suggested that the recent apparent reluctance on the part of Russia to enter into a meeting at the Summit may well be attributed to the fact that Russian leaders mistakenly believe the current economic recession in the West is the beginning of the "world economic crisis and the collapse of capitalism," so long predicted by Marxist theorists.

This Norwegian statesman suggested a sound remedy for the situation. He stated that it is imperative that "organs of Western economic cooperation act immediately" to stem the tide of the recession and to assure new economic expansion in order to refute the Russian fallacy. This splendid suggestion comes at a very appropriate time, as far as we in Congress are concerned.

TRADE ACT AND MSA SHOULD BE CONSIDERED IN LIGHT OF SUGGESTION

Within the very near future, we will be discussing the President's request for renewal of the Reciprocal Trade Agreements Act. This is one of the most important "organs of Western economic cooperation," to use the words of Mr. Lange. If his analysis is correct—and I for one believe it has considerable merit—then a restrictive trade policy, full of unnecessary barriers to free economic interchange, would literally be playing into the hands of those who hope for economic collapse of our system of government.

So, too, we will shortly have on the Senate floor the Mutual Security Act of 1959, which the Foreign Relations Committee will be marking up this week. Here again, the Senate will have an ideal opportunity to strike a constructive blow for economic revitalization of the Free World, through such fine instruments as the Development Loan Fund.

HELP TO WESTERN PRESTIGE

Mr. Lange further stated in his address to the Foreign Ministers that it is vitally important that NATO and the West assert the initiative in world affairs in order to counteract any impression that we only react negatively to Soviet suggestions. Regrettably, the impression that we only react negatively has indeed been fostered by Soviet propagandists throughout many areas of the world. As a result, the West has indeed been unduly and often unjustifiably criticized.

Mr. Lange's suggestion for a dynamic program of united economic expansion on the part of the West would certainly be of great value in disproving many of the Communist myths regarding capitalism and Western economies, as well as Western diplomacy.

I take this opportunity to commend the distinguished Norwegian Foreign Minister for his keen and perceptive statement. It demonstrates the high degree of statesmanship which is characteristic of Norway, our friend and ally.

MAY 17: NORWAY'S CONSTITUTION DAY

As my colleague, the Senator from Minnesota [Mr. THYE], has heretofore pointed out, last week, Saturday, May 17 marked the 144th anniversary of the adoption of Norway's Constitution.

Since the Senate was not in session either Friday or Saturday, I send to the desk a statement on the significance of the 17th of May, an occasion of great rejoicing for Norway. I ask unanimous consent that it be printed at this point in the body of the RECORD, together with an article from the Madison (Wis.) Capital-Times of May 10, and an editorial on the same subject.

There being no objection, the statement, article, and editorial were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

THE MEANING OF NORWAY'S CONSTITUTION

As most of us are aware, Norway's Charter of Freedom was adopted in part from our own Constitution. Under her Charter, Norway has maintained a position of world eminence in many fields. Norway has progressed and prospered, as a bulwark of freedom and independent spirit.

Throughout history, Norway and the United States have maintained a warm bond of respect, friendship and affection. This happy relationship has been mutually beneficial in many ways.

UNITED STATES EXPORTS TO NORWAY EXCEED \$110 MILLION

In the field of commerce, for example, Norwegian-American relations are exceedingly beneficial. Norway furnishes us with such products as fish and fish oils, woodpulp, rayon fiber, nickel, aluminum and ferroalloys. The United States, in turn, supplies Norway with grain, fodder, fruit, tobacco, oilseeds, cotton, fuels, machinery and motor vehicles.

The value of goods exported to Norway in 1957 exceeded \$110 million, while Norwegian

products imported to the United States were valued in excess of \$55 million.

Many Norwegian products are of increasing importance to the American economy. For example, with the advent of the frozen food industry in our Nation, Norwegian fish products have become very popular. Many of the fish sticks and frozen fillets consumed daily by the American public are products of the Norwegian fishing banks.

NORSE MERCHANT MARINE AMONG WORLD'S FINEST

From their earliest days, Norwegians have been men of the sea. More than 500 years before the birth of Columbus, the Vikings had landed on the shores of North America. The same Viking spirit has led Norwegian seafarers to all points of the compass in exploration and commerce. Today, the great merchant marine of Norway carries a large share of the world's ocean-going commerce, and as mentioned before the fishing fleets of Norway supply products of the sea to dinner tables throughout the world.

NORWEGIAN CULTURE CONTRIBUTIONS ARE NUMEROUS

Norwegian "exports" are not all commercial in nature. Throughout the past century Norway has made many significant cultural contributions to the world.

Under the freedom of constitutional liberty, Norwegian poetry, music, science and letters have flourished. Henrik Wergeland was the "poet laureate" of the new freedom. In music, there were such giants as Edward Grieg and Ole Bull. In the field of letters, the names of Ibsen, Bjornson and Lee are well known throughout the world. Thorstein Veblen's "Theory of the Leisure Class" has long been regarded as a classic of economic theory. In the realm of statesmanship, many Norwegian names are familiar. Among these was the outstanding diplomat, Trygve Lie, who contributed so much to the United Nations in its early years.

INDOMITABLE SPIRIT OF VIKINGS EVIDENT IN WAR

We well remember the suffering of Norway during World War II when she was crushed under the boot of Nazi tyranny. Although the Norwegian people were dominated by ruthless dictatorship, the traditional Viking spirit was unconquerable at home and abroad. When at last Norway was liberated and the cherished constitutional rights restored, Norway was quick to make a comeback from her adversity. How? By hard work and bold faith.

NORWAY AND WISCONSIN SHARE MANY BLESSINGS

Norway and my own State of Wisconsin have a particular bond. The climate and topography of Wisconsin are similar to that of Norway.

In Wisconsin, thousands of Norwegian immigrants have long practiced the trades they knew best in the Old Country: fishing, trapping and logging—in addition to sending their sons and daughters into wholly new professions and businesses.

Men of Norwegian blood hewed new communities out of complete wilderness throughout the great forest lands of northern Wisconsin. Descendants of these Norwegian pioneers still make up a large portion of the population of my State, as evidenced by 17th of May celebrations in Madison, Stoughton, and elsewhere. I am proud to be one of these descendants.

Those of us who are of Norwegian ancestry, take great pride in the commemoration—in Wisconsin and elsewhere—of Norway's Constitution Day, which is known as Syttende Mai in the language of our forefathers. We are all humbly proud of our heritage and of the great contributions the land of our fathers has made to the civilized world. We are proud that the great Viking spirit, more than 1,000 years old, still prevails in the heart of Norway.

From this democratic constitutional Republic to our NATO ally, a democratic constitutional monarchy, we send therefore our warmest greetings. There follows now a heart-warming article from last Saturday's May 10 Madison Capital Times describing 17th of May rejoicing in Norway, together with an editorial thereon.

[From the Madison (Wis.) Capital Times]
SYTTENDE MAI IN NORWAY: SPIRIT CAN'T BE DESCRIBED

Visitors in Norway when that nation is celebrating its Independence Day—the Syttende Mai—are impressed by the Norwegians' deep regard for the freedom won 144 years ago today.

A Madison man who witnessed the observances in Oslo, the Norwegian capital city, on May 17, 1956, pointed out in an interview that the "festive spirit of Norway on that day cannot be described but must be experienced to be fully understood."

Pertinent facts about Norway's "Fourth of July" were recalled today by M. L. Selbo, United States Forest Products Laboratory here.

Selbo spent 12 months of 1955-56 with his wife and four children.

On May 17, 1956, the Selbo family and other visitors occupied special places in front of the castle in Oslo to view the parade on Carl Johan Street, the capital's main thoroughfare.

"Students start the day at about 4 or 5 in the morning by placing flowers at the foot of the statues of Wergeland, Ibsen, Bjornson, and others," Selbo stated.

"The children's parade in the morning, depicting the youthful spirit and vigor of Norway, is to everyone, and the visitor in particular, a memorable occasion. The parade lasts about 4 hours and pupils from 69 schools dipped their flags before the royal family."

Syttende Mai observances mark the anniversary of the signing of the Norwegian Constitution May 17, 1814, at Eidsvold. Selbo explained that Norway's Constitution is patterned after those of the United States and of France.

Significant facts about the Syttende Mai are contained in the April issue of the Garfelliiter from Norway, a publication of the United States Educational Foundation in Oslo, received by Selbo.

"After the '400 years of night,' the period from 1397 until 1814 when Norway was under the control of the Danish crown in the Calmar Union, the 19th century brought the restoration of national independence to Norway," the article said.

The Napoleonic Wars finally brought about dissolution of the Calmar Union. One of Napoleon's own marshals, General Bernadotte, known as Carl Johan to the Norwegians, was chosen as King of Sweden, and through a series of treaties he won a promise to cede Norway from Denmark.

On January 14, 1814, Bernadotte, or Carl Johan for whom the main street in Oslo is named, succeeded in ceding Norway to Sweden through the Treaty of Kiel.

Norway in the meantime had been governed more or less as an independent kingdom, and the treaty ceding Norway to Sweden roused a storm of anger.

Christian Frederick, heir apparent to the Danish throne and viceroy in Norway, issued a call for election of representatives for a constituent assembly. The Constitutional Assembly met April 10, 1814, at Eidsvoll, composed of 112 delegates.

Representatives were unanimous about adoption of a free Constitution for Norway, establishing national self-government and democracy. The Constitution was completed May 17, 1814, and Prince Christian Frederick was elected King of Norway.

Refusing to recognize the new Norwegian Constitution, King Carl Johan of Sweden

invaded Norway and after 14 days Norway was forced to accept union with the Swedish throne.

Although Carl Johan, who took the title King Charles XIV of Sweden-Norway in 1818, attempted to alter the Norwegian Constitution and coerce the Storting, the Norwegian Parliament, the Norwegians resisted.

Instead of observing November 4 the day of the union with Sweden, Norwegians celebrated May 17, the anniversary of the Norwegian Constitution.

This annual observance started in 1824, and became solidly entrenched after May 17, 1829. On that date, Norwegians gathered in the capital to celebrate, refused to disperse although a troop of infantry charged repeatedly. After winning this battle of the marketplace, Norwegians had no more interference with their celebrations.

The union of Norway and Sweden continued until 1905, but the Norwegians held firmly during the entire period to the concept of freedom expressed in the Norwegian Constitution.

[From the Madison (Wis.) Capital Times]
SYTTENDE MAI: ANOTHER GREAT SYMBOL OF
MAN'S FREEDOM FIGHT

Today is Syttende Mai and all over Wisconsin, as well as in the other States that have been enriched by the immigration of Norwegians, celebrations are being held to mark the Norwegian Independence Day.

May 17 and July 4 are two days that have become symbols in history of man's search and struggle for freedom. In a sense they are more than independence days, for countries have become independent without becoming free.

But the Norwegian and American Independence Days mark not only independence but great forward steps in the winning of freedom for mankind. It was on May 17, 1814, that the Norwegians adopted their free constitution and, under its terms, worked steadily forward to their ultimate independence in 1905 and the establishment of a body of firm democratic rights for its people.

The United States knows and understands this tradition and it joins wholeheartedly in the celebration of Syttende Mai just as Norwegians in this country join naturally in the celebration of the Fourth of July.

With this tradition behind them, it was natural that the Norwegian immigrations would strengthen and enrich our own heritage of freedom, as history so well demonstrates.

Syttende Mai, accordingly, has become another American observance, as it should, for the love of freedom in man is something that knows no national boundaries. It was well expressed by Wilhelm Morgenstjerne, retired Norwegian Ambassador to the United States when he said:

"There is only one thing we hate more than war and that is slavery under a totalitarian master. And only one thing we love more than peace—and that is freedom and all that goes with it."

ACTION OF SOVIET GOVERNMENT IN DECLARING JOHN A. BAKER, JR., SECOND SECRETARY OF THE AMERICAN EMBASSY IN MOSCOW, PERSONA NON GRATA

Mr. KNOWLAND. Mr. President, today the State Department issued a statement relative to the action of the Soviet Government in declaring Mr. John A. Baker, Jr., Second Secretary of the American Embassy in Moscow, persona non grata. I ask unanimous consent that there be printed in the body of the

RECORD, as a part of my remarks, the statement issued today by the Department of State.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MAY 19, 1958.

On May 17, 1958, the day following his return to Moscow, Ambassador Llewellyn Thompson called on Soviet Foreign Minister Gromyko to protest the action of the Soviet Government 3 days earlier in declaring Mr. John A. Baker, Jr., a Second Secretary of the American Embassy in Moscow, persona non grata.

The American Embassy first learned of this Soviet action on Wednesday, May 14, 1958, when the Chief of the American section of the Soviet Ministry of Foreign Affairs summoned the American Chargé d'Affaires, a. i., to his office and read the following:

"The Ministry of Foreign Affairs has information that Second Secretary of Embassy John A. Baker, who last year was permitted to attend lectures in the historical faculty of the Moscow University, has systematically violated the norms of behavior for diplomatic representatives.

"Inasmuch as this behavior does not correspond to his status as an accredited diplomatic representative, his further presence in the Soviet Union is considered undesirable."

The Soviet official added that he understood Mr. Baker was outside the Soviet Union and therefore the reentry visa granted him before he left should be considered annulled. (Mr. Baker had departed Moscow a few days previously for Western Europe and was due to return to his post at Moscow by the first of June.)

No explanation of this action was given to the American Chargé except to admit that the Soviet complaint of improper behavior centered around his conduct at the Moscow University where Mr. Baker was attending a weekly lecture course on Russian medieval history.

In his protest to Foreign Minister Gromyko, Ambassador Thompson was unable to obtain any details regarding Mr. Baker's alleged improper conduct. Mr. Gromyko merely reiterated the allegations that Mr. Baker's conduct had violated the norms of diplomatic conduct applicable in any country and expressed the hope that the conduct of Embassy officers would be such that similar measures would not be necessary in the future.

Ambassador Thompson pointed out that the Embassy had taken great pains to assure that officers conducted themselves in a manner compatible with their status as diplomatic representatives; that he knew Mr. Baker to be an able and discreet officer, and that, lacking knowledge of what conduct had incurred Soviet displeasure, the Embassy would not know how to avoid such developments in the future.

In the absence of any further explanation, the American Government can only surmise that the friendly contacts which grew up between the 30-year-old American diplomat and his Soviet fellow students became a source of embarrassment or concern to Soviet authorities.

The treatment accorded Mr. Baker contrasts sharply with the free opportunity enjoyed by Soviet diplomats in this country to attend courses at American universities, dependent only on admission policies of the universities themselves. During the past academic year at least 10 Soviet officials have attended university courses in Washington or New York.

Mr. KNOWLAND. Mr. President, this treatment of Mr. Baker certainly sharply contrasts with the free opportunity afforded Soviet diplomats in this country, including the Soviet Ambassa-

dor, to travel about the United States and make talks to various American groups under various circumstances.

This incident tends to indicate that the alleged Soviet hope for a freer exchange of views among the peoples of the various countries is not consistent with the practices of the Soviet Union. I believe that all Members of the Senate, as well as the people of the United States, will be interested in this demonstration of the fact that the Soviet Union is not prepared to permit a free exchange of views.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. MANSFIELD. I wish to associate myself with the statement of the distinguished minority leader. It seems that this is a very sudden move on the part of the Soviet Union. No bill of particulars has been furnished. The only information any of us seem to have is that Mr. Baker, Second Secretary of the United States Embassy in Moscow, had been granted permission by the Soviet Union to attend certain classes at one of the universities there. He had pursued his activities in a way which reflected credit on his country.

Also, in line with the general policy of the American Embassy in Moscow, Ambassador Thompson had, from time to time, held seminars, so to speak, with his personnel, so that they would know how to conduct themselves in accordance with Soviet customs, and in that way gave no cause for such action as has been undertaken by the Soviet Union, to declare Mr. Baker persona non grata.

Of course, no nation is obliged to furnish a bill of particulars under such circumstances. However, in view of the suddenness of this action, it seems that an explanation should be forthcoming. The probable reason is that there was too much friendship between Mr. Baker and his fellow students in the Moscow University. Perhaps the Soviet students were learning a few things about the outside world.

In line with the remarks of the distinguished minority leader, I think there is a marked difference between the way our people are treated over there, and the way their representatives are treated in this country.

Mr. KNOWLAND. I thank the distinguished Senator.

UAW BASIC MINIMUM ECONOMIC DEMANDS ARE HIGHLY INFLA- TIONARY

Mr. BUTLER. Mr. President, it is generally conceded that many of our current economic difficulties stem from the reduced demand for automobiles. Directly or indirectly the automobile industry provides almost one out of every seven jobs in our country. Everyone has a direct interest in the negotiations which are now under way between the automobile manufacturers and the United Automobile Workers. Although the account for a smaller share of the sales dollar because labor and other costs have increased faster than productivity.

In my opinion, the inflationary pressures we have experienced in recent years may be attributed to the fact that labor costs in the American economy have out-distanced national productivity—thus forcing prices to rise. Before the advent of pattern bargaining, lower prices for all Americans resulted from improved technology and increased capital investment. Individual workers were rewarded for their experience and the development of superior skills. Today the entire increase in our national productivity has been preempted by those covered by certain union agreements. As a result, civil servants including schoolteachers and other municipal employees, retired people, and farmers are at a great economic disadvantage. The efforts of these groups to equalize their positions have placed additional demands on the budgets of local and State governments. Increased labor costs have required additional appropriations for defense materiel—one of the largest items in the Federal budget. When the States exhaust their revenue resources, they come to the Federal Government with proposals for grant-in-aid programs.

We have apparently reached the point where consumers are either unwilling or unable to continue to absorb the cost of labor increases which greatly exceed the productivity advances of our economy. Better management techniques, and increased capital equipment for every worker cannot offset added unit labor costs. Hence, we experience rising prices accompanied by unemployment.

Earlier this year I expressed concern that the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary would be used as a forum for collective bargaining between the UAW and the automobile manufacturers. Mr. Reuther, in his prepared statement to the subcommittee said:

I understand that the excuse has also been made that to appear with me before the committee would have involved the corporation in public collective bargaining with the union. I want to repudiate that suggestion completely.

Mr. President, Mr. Reuther justified my fears on May 9 when he addressed a letter to the chairman of the subcommittee proposing arbitration of the current difference between the UAW and the manufacturers. The companies concerned first learned of Mr. Reuther's proposal from the newspapers. This procedure certainly involves the Senate subcommittee in collective bargaining negotiations.

When Mr. Reuther testified before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, he said:

The basic minimum economic demands which we intend to put before every employer with whom we negotiate in the industry represent the minimum rate of progress that all workers have a right to expect as their share of technological improvement in the economy. * * *

The items in the basic program can be summed up as a noninflationary general wage increase proportionate to the rate of productivity advance in the economy as a whole attainable under full employment conditions, removal of wage inequities

within companies and among companies, and increased protection for workers when they are retired, ill or laid off, or when they are affected by movement of their plant.

The general wage increase will be paid for out of current productivity advance. The cost of the other improvements we seek will be but a small proportion of the economic gains to which our members were entitled out of past productivity increases, and of which they have thus far been deprived.

He also proposed a supplementary economic demand which even he admitted could not be met out of current productivity advances. This demand involved profit-sharing between stockholders, consumers, and employees. This profit sharing proposal impressed me as a clever public relations move without any real substance behind it. Shortly after it was announced, I showed that if this plan was generally adopted throughout industry, it would cost the Government several billions of dollars in tax revenues. Transferring profit dollars, which are now taxed at a rate of 52 percent and then taxed again when they are received by the stockholders as dividends, to the paychecks of employees who are in lower tax brackets would of necessity involve a tremendous loss in tax revenue. Congress would thus be required to impose additional taxes or authorize a greater national debt.

Mr. President, today I desire to discuss the so-called noninflationary demands which Mr. Reuther has made. If they are granted, they would undoubtedly set the pattern for other union-management agreements throughout American industry.

On April 28, Mr. Harlow H. Curtice, president of the General Motors Corp., addressed a letter to Mr. Reuther, which included this statement:

In public statements and before a subcommittee of the United States Senate, the UAW has sought to minimize the size of its demands claiming they are noninflationary, that they can be paid out of the average increase in productivity in the whole economy (with the possible exception of perhaps 1 cent per hour for pension increases in General Motors).

No such modest approach has been made in the privacy of our bargaining meetings. On the contrary, the estimated costs of the economic demands made in these meetings by the UAW are in excess of 73 cents per hour per employee. Here is a summary of some of these economic demands.

1. An across-the-board wage increase in excess of that which could be supported by the productivity increase experienced by the Nation as a whole. This would cost more than 10 cents per hour.
2. Additional special wage increases for more than 70 percent of GM hourly employees covered by the agreement costing an estimated 12 cents per hour.
3. Additional holiday pay, vacation pay and overtime payments estimated to cost 9 cents per hour.
4. An increase in pension benefits including a cost-of-living adjustment of pensions, estimated to cost more than 13 cents per hour.
5. Increased insurance benefits estimated to cost more than 2 cents per hour.
6. Indirect wage costs resulting from wage demands estimated to cost more than 3 cents per hour.
7. Two hundred and forty-eight changes in the working agreement, including a demand

that General Motors pay the full wages of over 2,000 union business agents, stationed in General Motors plants. This would cost General Motors more than \$12 million a year.

Mr. President, it is difficult for me to see why the consumers of the United States should pay \$12 million a year to pay the full wages of 2,000 business agents stationed in General Motors plants. Obviously, this \$12 million must be included in the price of the products produced. If these so-called noninflationary demands were granted, the General Motors Corp. has estimated that it would increase their annual cost by more than \$500 million. This is hardly the way to correct our current recession.

Since the automobile industry is the most important customer of so many of our other basic industries, it is essential that every effort be made by all those associated with this industry, including the leadership of the United Automobile Workers, to increase the values offered to the public. The demands by the United Automobile Workers provide a formula for an "administered recession." They are so fantastic that they must completely discredit Mr. Reuther's claims for economic statesmanship.

The United Automobile Workers requested that General Motors furnish the basis of the arithmetic for the 73 cents an hour stated in Mr. Curtice's letter. This estimate was released to the press in a statement by General Motors on Friday, May 9. Mr. President, I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

DETROIT.—General Motors today made public data documenting its estimate that the UAW's current national and local demands would cost, if granted, in excess of 73 cents per hour per employee.

Total annual cost of these demands to General Motors would be more than \$500 million, GM revealed.

ESTIMATED HOURLY COSTS OF UAW 1958 DEMANDS

The UAW requested that General Motors furnish the basis for the 73 cents which GM had estimated as the cost per hour of the UAW's demands. Thus far the union's contention with respect to the 73 cents per hour estimate has been limited to one item, the pension cost, which if disregarded entirely still leaves a figure of 60 cents an hour as the cost of the UAW demands. (Details supporting the 73 cents per hour figure are attached.) The union, however, does admit to a pension cost of between 3.6 cents and 4.1 cents per hour for their pension demands but does this by not putting a price tag on what could be the most costly part of their pension demands—cost-of-living allowance on top of pensions.

In estimating the cost of the UAW's demand for cost-of-living allowances on top of pensions, the matter was approached on the basis of the experience during the term of the current agreement. During the last 3 years the consumer price index increased an average of $2\frac{1}{2}$ percent per year. Obviously, nobody can tell whether it will continue to increase at that rate in the future, or at a higher or lower rate. GM asked the actuaries to determine what would happen under the UAW demand if the Consumer Price Index kept increasing at a rate of $2\frac{1}{2}$ percent per year—and there was a corresponding adjustment in pensions. The

actuaries estimated that the cost of such an adjustment would be at least 10 cents an hour.

ESTIMATED HOURLY COSTS OF UAW 1958 DEMANDS

1. General wage increase: Basis: The average hourly rate used was determined as follows:

Average straight-time rate (March 1958).....\$2.229
Current cost-of-living allowance......220

Present rate including cost-of-living allowance.....2.449
Inequity adjustments demanded (see No. 2 below)......120

Assumed average straight-time hourly rate.....2.569

Union demand is for an improvement factor increase in excess of 3.9 percent per year. If only 3.9 percent is used, then the cost of the general wage increase the union demands is 3.9 percent times \$2.569 equals 10 cents plus.

2. Wage inequities: Basis: Actual local wage demands tabulated through May 1, 1958, for 92 plant locations covering 219,000 employees amounted to an increase of 8 cents per hour.

Estimated cost of national demands for special increases including skilled trades wage demands and other special demands for outside truckdrivers, screw machine operators, die cast operators, and crane operators is 4 cents per hour. (From discussions at UAW Skilled Trades Conference and in local meetings with GM management, it was evident that the union members were talking in terms of demanding a 35-cents-per-hour increase for skilled-trades employees. On that basis, with 50,000 journeymen and trainees, the cost would be \$17,500 per hour. Dividing this figure by the 300,000 employees in the bargaining units, the increase would be nearly 6 cents per hour per employee across the board. A figure of 4 cents was used in the estimate.

Cost of wage inequity demand

	Cents
Local.....	8
National.....	4
Total.....	12

3. Holiday, vacations, and overtime: Basis: (A) Holiday: One extra holiday of 8 hours times \$2.569 per hour is an added \$20.55 per year or 1 cent per hour.

(B) Vacation: Demand increases vacation pay by 20 hours for employees with 10 to 15 years' seniority and by 40 hours for the 15-year-and-over group. There are approximately 63,000 employees in the first group and 85,500 in the second:

	Hours
63,000 employees times 20 hours equals.....	1,260,000
85,500 employees times 40 hours equals.....	3,420,000

Total.....	4,680,000
4,680,000 hours times \$2.569 an hour equals.....	\$12,023,000
4,680,000 hours times 5 cents an hour for SUB equals.....	12,257,000

Dividing the \$12,257,000 by 700 million hours (350,000 employees times 2,000 hours) gives cost of vacation pay demands as 1.7 cents per hour.

(C) Overtime: During 1957 there were 35,224,000 hours for which overtime at time and one-half was paid. The union demand for double time for these hours would add one-half times 35,224,000 hours or 17,612,000 paid hours. At \$2.569 per hour the added cost would be \$45,245,000 or 6.5 cents per hour.

Added cost of union's holiday, vacation, and overtime demands:

	Cents per hour
Holiday.....	1.0
Vacation pay.....	1.7
Overtime.....	6.5
Total.....	9.2

This estimate of 9.2 cents per hour does not reflect the effect of the 10 cents plus per hour general wage increase in No. 1 above.

4. Indirect costs of wage demands: Basis: When wages are increased, the amount accrued for holiday pay, vacation pay, night-shift premium and overtime automatically increases. In 1957 the amount of such indirect wage costs was about one-seventh of 1 cent for each 1 cent increase in wages.

For an increase of 22 cents an hour (items No. 1, general wage increase, and No. 2, special adjustments, above) the indirect costs would be one-seventh times 22 cents or 3.1 cents per hour.

5. Total estimated cost of wage demands:

	Cents per hour
General wage increase.....	10
Wage inequities.....	12
Holidays, vacation, overtime.....	9
Indirect wage costs.....	3
Total.....	34

6. Nonwage demands: Basis: Reports have been received from 53 plants showing cost estimates of local demands received thus far. These plants employ more than half of the employees in the bargaining units under the UAW agreement. A tabulation of these reports shows the cost of local demands thus far to be at least 24 cents per hour. Most of this cost is pay for time not worked as shown in the following:

	Cost in cents-per-hour
Demand:	
Rest periods.....	5.2
Wash-up time.....	4.4
Extra relief man.....	6.5
Paid lunch periods.....	0.6
Total.....	16.7

The remainder of the 24 cents, or 7.3 cents an hour, covers a wide variety of local demands, the largest single item being clothing.

7. Total cost of demands excluding fringe benefits, 58 cents per hour.

8. Fringe benefit demands:

(a) Sub plan: The demands submitted by the UAW for larger benefits, for longer duration, for benefits for short work weeks, special benefits for Ohio and Indiana and other liberalizations cost more than the benefits provided by the present plan. The UAW must have recognized their demands would cost more because they demanded that GM step up the rate of funding from the present 5 cents an hour which the union contends is overfunding to 2½ percent of payroll or nearly 7 cents an hour at today's rates. Last week the union said they would modify the demand for a GM contribution of 2½ percent of payroll. They are demanding instead a GM contribution at 5 cents an hour plus an extra 2½ cents per hour for employees in Ohio, Indiana, North Carolina and Virginia, States in which sub benefits cannot be paid without adversely affecting the employee's State benefits. The increase demanded by the union is greater than the added 2½ cents in the above States. This is true because on June 1, 1958, the sub fund will be at the maximum then required by the plan and therefore GM contributions of 5 cents an hour would stop until such time as the fund is again below the maximum. The union demand apparently contemplates that GM will neverthe-

less make a contribution of 5 cents plus per hour after June 1, 1958 which is not required by the sub plan. Nothing was added to the 73 cents for increased sub plan costs.

(b) Insurance: UAW demands for group insurance benefits were fairly specific. Demands with respect to hospital and medical expense benefits have not yet been fully set forth by the union.

An estimate of 2 cents per hour was established for certain insurance demands. This divides about equally between group insurance and the hospital and medical expense benefits. In connection with the latter, the estimate assumed a level of benefits throughout the United States comparable to the best Blue Cross and Blue Shield plans available in Michigan. It also contemplated the union demand of full payment by GM of these coverages for retirees and their enrolled dependents. The approximately 1 cent an hour estimated for group insurance demands covered only two of the union's 17 insurance demands, namely the increased maximum duration of sickness and accident benefits from 26 weeks to 52 weeks and looser eligibility for total and permanent disability benefits. This estimate did not make any allowance for possible deterioration in claims experience due to the liberalizations.

(c) Pensions: Discussed on page 1. The estimated cost of the union's pension demands was 13 cents per hour which included 10 cents for the cost-of-living allowance on pensions. The cost of this latter demand was estimated by the actuaries when GM asked them what it would cost:

(a) If the monthly pension benefit of \$2.75 per month demanded by the union were adjusted in the future in proportion to changes in the consumer price index; and

(b) The rate of increase in the consumer price index in the future would be the same as during the past 3 years, namely 2.5 percent. The actuaries said that on these assumptions the cost would be in excess of 10 cents an hour. A minimum of 10 cents an hour was used in the GM estimate.

9. Cost of union's demand for full time committeemen not included in 73-cents estimate.

Nothing is included to cover the cost of more paid time for union committeemen. On the basis of the extra 3 million hours demanded, the cost would be \$9,390,000 or 1.3 cents per hour.

10. Summary: The detailed estimates of the cost of the UAW's demands in the foregoing are summarized as follows:

	Cents per hour
General wage increase (plus).....	10
Wage inequities.....	12
Holidays, vacations and overtime.....	9
Indirect costs of wage demands.....	3
Total cost of wage demands.....	34
Nonwage demands involving cost.....	24
Total cost of demands excluding fringe benefits.....	58
Insurance.....	2
Total cost excluding pensions.....	60
Pensions.....	13
Total.....	73

The total of 73 cents an hour is actually an understatement of the cost impact of the "probably fantastic" UAW demands.

HUMANE SLAUGHTER

Mr. HUMPHREY. Mr. President, I recently had printed in the CONGRESSIONAL RECORD excerpts from a number of newspaper editorials throughout the United States during 1957 in support of

humane slaughter legislation which is now pending before the Senate Committee on Agriculture and Forestry.

Since that time a new compilation has been made of more recent editorials on the need for effective humane slaughter legislation. These are all current comments from editorials published in February, March, April, and May of this year.

Mr. President, I ask unanimous consent that these editorial excerpts be printed at this point in the RECORD for the information of my colleagues whom we hope will soon be called upon to make a decision on this legislation.

There being no objection, the excerpts from the editorials were ordered to be printed in the RECORD, as follows:

QUOTATIONS FROM SOME RECENT EDITORIALS ON THE NEED FOR EFFECTIVE HUMANE SLAUGHTER LEGISLATION

The New York Times, April 13, 1958: "If you have beef, pork or lamb for dinner today you may be interested to know that the animal from which it comes was very probably slaughtered in a process so revoltingly brutal as to nauseate you if you stopped to think about it. There is no good reason why the American people should put up with the kind of needless cruelty practiced in most—though not all—of our slaughterhouses. . . . A moderate humane-slaughter bill (H. R. 8308) recently passed the House. . . . Alternative measures to provide for additional study of the situation are merely devices for delay and are entirely unsatisfactory. The humane-slaughter legislation ought to be reported and passed as is."

The Times-Picayune (New Orleans, La.), March 20, 1958: "Humane slaughter has been advocated for many years and a good many packers are already using anesthetizing gas or the mechanical 'stunner' on parts of, or most of, their kill. Several countries have had the humane-practice law in effect for some time and apparently have found no reason to repeal it. Under the circumstances it seems a little late to defer action on the bill for studies that should have been made long ago."

The St. Louis (Mo.) Post Dispatch, April 1958: "The slaughter legislation is based on the assumption that animals should be made unconscious before they are killed. This is done either by anesthesia or a captive bolt pistol. Several progressive American packing firms have adopted one or the other of these relatively inexpensive methods, and humane slaughter is the law in most European nations. So it is a surprise to see a lobby working against a humane-slaughter bill. The choice ought to be clear for the Senate."

The Detroit (Mich.) News, April 12, 1958: "A bill requiring that animals be rendered insensible to pain before being butchered was sponsored in the House by Representative GRIFFITHS, Democrat, of Detroit, and was passed by that Chamber. It has failed to clear the Senate Agriculture Committee largely because of the resistance of a meatpackers lobby. Any further delay by the Senate can only be a blow to our traditional humanitarianism and our professions of a decent concern for the least of God's creatures."

The (San Antonio, Tex.) Light and the Milwaukee (Wis.) Sentinel, April 7, 1958: "The Poage bill has passed the House; a companion bill by Senator HUBERT HUMPHREY is in the Senate; these would prohibit cruelty to animals in American slaughterhouses by prescribing methods of rendering meat animals quickly unconscious before they are killed. We urge Congress to complete action on this civilized legislation this session."

The Jacksonville (Fla.) Journal, April 10, 1958: "We Americans pride ourselves for be-

ing leaders in this world yet we still allow our food animals to meet their fate in cruel and needless pain."

The Washington (D. C.) Post, March 19, 1958: "Humanitarians for years have campaigned to force civilized methods of slaughter on American meatpackers. They have brought to light senseless cruelties in the killing of livestock. They have jogged the consciences of their countrymen into recollection that a decent concern for even the least of God's creatures is a hallmark of humanity . . . these methods . . . should be required by law in the United States in order to bring this country's practices into conformity with its civilized pretensions and precepts."

The New York Mirror, April 4, 1958: "We're proud to have been one of the first newspapers to espouse humane slaughter. We urge Congress to complete action on this civilized legislation at this session."

The Louisville (Ky.) Courier Journal, February 18, 1958: "The American who thinks a nightmare of needless agony is an alien problem is an American who has never visited an abattoir in his own country. Here he will find a scene of cruel carnage that will make his gorge rise with fury and shame."

The Dallas (Tex.) News, February 6, 1958: "The humane slaughter measure now goes to the Senate where early approval should be given. . . . Requirement that animals be rendered insensible to pain before being butchered is a reasonable and fair one. The wonder is that so long and hard a fight has had to be made in Congress for it."

The New York World-Telegram and Sun, February 7, 1958: "A step toward ending medieval slaughtering practices in the meatpacking industry has been taken by the House. . . . Certainly this is an overdue reform. The meatpacking business is no frolic at best, but there is no excuse for inflicting needless cruelty on animals. We hope the Senate speedily concurs."

The Cleveland (Ohio) Plain Dealer, February 27, 1958: "A humane slaughter law is needed. We think the bill should be passed. It would make our breakfast bacon taste a great deal better."

The San Francisco (Calif.) Examiner, February 8, 1958: "Pending in Congress is H. R. 8308, a measure that would require meatpackers to follow humane methods of slaughter after December 31, 1959. . . . The House has passed the measure, and it has gone to the Senate Agriculture Committee. It deserves the support of California's two Senators."

The Hartford (Conn.) Courant, February 3, 1958: "It is inconceivable that a majority of this Nation's representatives do not favor humane slaughtering by the meatpackers. The opposition is small but well organized and substantially financed. If this minority group is successful in defeating humane slaughter bills this year, it will be a dark day for the constitutional process intended to serve America's best aspirations."

The Pittsburgh (Pa.) Post-Gazette, February 6, 1958: "The House passed legislation providing that the Federal Government shall not buy meat which hasn't been provided through humane slaughter methods. The Senate should promptly follow suit."

The Boston (Mass.) Herald, February 7, 1958: "The new humane slaughter bill passed by the House and sent to the United States Senate should mark the beginning of the end of barbaric slaughterhouse practices. Let's hope the Senate approves the bill and allows the Secretary of Agriculture to invoke these methods which are clean, swift, and the mark of a truly civilized society." Reprinted in the Sheffield (Ala.) Tri-Cities Daily, February 14, 1958, and the Greeley (Colo.) Tribune, February 21, 1958.

The Miami (Fla.) News, January 7, 1958: "The bill should be passed without further delay. Inhumane slaughter is contrary to American philosophy and tradition."

The Fort Wayne (Ind.) News-Sentinel, February 1958: "Despite the fact that a few Members of Congress elected to make the occasion one of unseemly facetiousness, the humane slaughter bill has passed in the House of Representatives . . . 'clowning' brought down some laughs but apparently no votes against the humane slaughter bill. Indeed, it was immediately followed by 122-73 House rejection of a substitute measure, setting up a commission 'to study' humane slaughter measures, proposed by the minority who opposed the slaughter bill. The House struck down the proposed substitute by a voice vote to enact the bill."

The Mobile (Ala.) Register, February 10, 1958: "The forces holding back and carrying on a propaganda attack against the supporters of humane slaughter can be sure they are on the losing side. In the end, their defeat is certain. The tide of public sentiment will run stronger and stronger against them until the fight for humane slaughter is won."

The Allentown (Pa.) Call, February 17, 1958: "The slaughter of animals for meat continues to follow a pattern that goes back to the cruelty of medieval days but very likely will be ended in this country by the end of 1959."

The Newport News (Va.) Times Herald, February 1, 1958: "There's good news for the many people who have shuddered over accounts of cruelty to food animals slaughtered by some nationally known firms. Reports from Washington are that the bill to require humane methods of slaughter has won public support almost unparalleled. There seems no good reason whatever not to pass this legislation."

The Galveston (Tex.) Tribune, February 7, 1958: "A society that condones brutality and needless cruelty to animals dumb though they be, is to that extent a traitor to the humane tradition most of us believe in." Reprinted in the Butte (Mont.) Post, February 14, 1958.

The Ramsey (N. J.) Journal, February 13, 1958: "Human nutritional needs being what they are, we must kill to live—but there is no need to do it cruelly or wastefully."

The Fairmont (W. Va.) West Virginian, February 6, 1958: "Human slaughter bill passed House this afternoon. That's really good news. Now if only the Senate will follow through."

The Salem (Ohio) Farm and Dairy, February 12, 1958: "Opponents to the bill are claiming that it will bring chaos to the slaughtering industry, because nobody has agreed what is humane. We hope this weak cry influences nobody. In the first place, they have until the end of 1959 to get the program started. In the second place, they should have been warned by all the bills they managed to kill off in past years, that the issue had to be faced some day."

The Medford (Oreg.) Mail Tribune, February 12, 1958: "No one knows, of course, how the bill will fare in the Senate. But insiders in Washington are quoted as saying that 'Nobody votes for cruelty.'"

The Palo Alto (Calif.) Times, February 11, 1958: "The great majority of packers, however, still use old-fashioned slaughtering processes that torture the animals, debase the people who work with them, and sicken those who see or learn about them."

The South Bend (Ind.) Tribune, February 17, 1958: "The suffering on the killing floors of the American slaughterhouses remains the foremost problem in the cruelty to animals area. It will continue so unless a compulsory humane slaughter law is passed by Congress."

The Knoxville (Tenn.) News Sentinel, February 24, 1958: "Perhaps never before has

the United States Senate had an opportunity to end with one vote so much cruelty."

[From the Chicago Daily News of May 6, 1958]

SLAUGHTER BILL

The Senate Agriculture Committee has recently wound up a 4-day hearing on legislation for the humane slaughtering of meat animals. The House has already approved a bill which would establish humane slaughter as public policy by requiring the Government to buy meat only from packing plants that practice it.

This is not as strong a measure as humane societies have advocated, but it is at least a start toward bringing about effective pressure to end the primitive slaughter methods used in most meat-packing plants.

A few progressive packers—Oscar Mayer & Co., Cudahy, Hormel among them—have initiated humane methods in producing certain of their meats, but in general the industry has been reluctant to initiate these reforms on the ground that the cost is too great.

The Department of Agriculture and the American Meat Institute have opposed the current legislation and asked for a study of humane slaughter methods. We believe they are mistaken.

There already exist proved methods of humane slaughter that are economically feasible. As a matter of fact, the Hormel plants have found that they have cut labor costs by using carbon dioxide gas to anesthetize hogs before slaughter.

We hope the Senate hearing will resolve the humane issue without further delay and bring it to an early vote.

NORWEGIAN INDEPENDENCE DAY

Mr. HUMPHREY. Mr. President, Saturday, May 17, marked the 144th anniversary of Norwegian Independence Day.

Norway has had a proud and honorable history. One hundred and forty-four years ago, on May 17, 1814, a group of courageous and determined patriots met near Oslo to promulgate a liberal constitution. They carefully studied the recently-adopted constitutions of the United States, France, and Spain, and drafted a document of their own. Charles XIII of Sweden, recognizing that the courageous Norwegians could not be intimidated, accepted the constitution before the year was out, declaring Norway a free, independent, indivisible, and inalienable state united in brotherhood to Sweden.

True to the liberal principles of their constitution, Norwegians have continually been on the side of freedom. During the Second World War they fought the Germans against impossible odds and later continued an unrelenting and courageous underground resistance until the Axis Powers were vanquished.

Today, Norway refuses to be frightened by the Colossus to the East, and stands solidly behind the West. Norway is a member of the NATO Organization and the United Nations.

My mother was born in Norway I am proud to say, as were many other fine Americans. More than a million Norwegians and Norwegian descendants are in our country today, and more than one-fourth are in my State of Minnesota.

As the Minnesota centennial observance got under way a week ago, we were

honored and charmed to have Princess Astrid of Norway with us at the celebration. Her visit was symbolic of the close bond of friendship and respect that exists between our country and Norway, and which we hope, shall endure always.

COL. HAROLD WELLINGTON JONES

Mr. HILL. Mr. President, Members of the Senate remember that our National Library of Medicine was known 2 years ago as the Armed Forces Medical Library and before that, for most of its history, as the Army Medical Library. Among the group of dedicated men whose vision and labors made the library a truly great institution was Col. Harold Wellington Jones, Director of the Army Medical Library from 1936 to 1945. His devoted efforts and leadership during that period were in no small way responsible for the library's becoming the incomparable center of knowledge that it is today—the center of knowledge on which men of medical science, seeking to conquer disease and premature death, so greatly rely.

Mr. President, we learned with much sadness of the death of Colonel Jones on April 5, 1958. To his widow and his children I express our deep appreciation of the fine and meaningful work he performed for his country and our deep sympathy over their loss.

Mr. President, at the request of the Board of Regents of the National Library of Medicine I ask unanimous consent that there be printed at this point in the RECORD an obituary note on Colonel Jones, which appeared in the May news bulletin of the National Library of Medicine, and also a more extended résumé of Colonel Jones' career, which has been prepared by Col. A. G. Love, Medical Corps, United States Army—retired.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the National Library of Medicine News of May 1958]

COL. HAROLD W. JONES, 1877-1958

Harold Wellington Jones, colonel, Medical Corps, United States Army (retired), Director of the Army Medical Library from 1936 to 1945, died suddenly at his home in Orlando, Fla., on April 5, 1958.

During his tour of duty at the library Colonel Jones was instrumental in initiating the survey of the library conducted by the American Library Association with funds provided by the Rockefeller Foundation; the report was published under the title "The National Medical Library: Report of a Survey of the Army Medical Library" (Chicago, A. L. A., 1944). At his urging the 75th Congress passed Public Law 611, approved June 15, 1938, authorizing construction of a new building for the library. He served the Medical Library Association as its president in 1940-41, and as editor of its Bulletin in 1941-42. The Marcia C. Noyes Award of the MLA was presented to him in 1956 for distinguished contributions to medical librarianship. From 1946 to 1956 he was an editor of the Gould Medical Dictionary.

Colonel Jones received his medical degree from Harvard University in 1901; he entered the Army Medical Service in 1906 and served with distinction in the Philippines, in the Mexican Campaign, in the AEF, and as Com-

manding Officer of Tripler General Hospital in Honolulu. He was decorated by the governments of the United States, France, Poland, Mexico, and Rumania. The honorary degree of Doctor of Laws was conferred on him in 1945 by Western Reserve University.

Throughout the years Colonel Jones maintained his great interest in the National Library of Medicine. In 1955, attending a meeting of the Armed Forces Medical Library Advisory Group, he offered recollections of his years at the library and concluded with characteristic generosity: "All of you here have done a wonderful job." He was an able surgeon and an administrator of vision and courage; he was the begetter of the library's renaissance.

COL. H. W. JONES, 1877-1958

Col. Harold Wellington Jones, United States Army (retired) died suddenly at his home, 1303 Chichester Avenue, Orlando, Fla., April 5, 1958. He was born in Cambridge, Mass., November 5, 1877. After attending Massachusetts Institute of Technology, 1894-97, he entered Harvard University Medical School and received a doctor of medicine degree in 1901. Two years were spent as resident and house physician in the Children's Hospital, Boston, before he entered the practice of medicine in St. Louis, Mo. After 2 years there, he entered the Army Medical School in September 1905. Graduating as an honor student, in June he was commissioned in the Medical Corps. Then began almost 40 years of active duty, uninterrupted by his retirement for age in 1941, until April 1946. His service, like that of all members of the small peacetime Medical Corps was quite varied. There were two tours of duty in the Philippine Islands, one in Hawaii and one in France, World War I. His assignments varied from that time with a small command operating in Samar and Leyte against native hostile groups, and in command of an ambulance train with Pershing in Mexico in 1916, to that as commanding officer of the large Beau Desert Hospital Center (5 miles from Bordeaux) with over 12,500 patients when the Armistice was signed, and later of Tripler General Hospital, Honolulu (1933-36) and to that as Chief of the Surgical Service in the large Sam Houston Hospital (1927-33). His great opportunity came when assigned to the Army Medical Library (now National Library of Medicine) in 1936. He brought to this assignment wide experience and knowledge gained from his varied assignments and extensive travel in Europe and the Far East and a large volume of well selected reading. He brought also a splendid intellect and great energy. Dr. John F. Fulton said in 1945: "Fortunately for the Nation the new Librarian had qualities of vision, aggressiveness, and desire for reform that have made possible a quality of service which the Library had not been able to render since the days of Billings." Colonel Jones was chiefly responsible for the "new look." It was on his initiative that the Rockefeller Foundation granted funds for a detailed study of the Library by the Medical Library Association. The wise recommendations of the group have resulted in many reforms. Among other beneficial innovations instituted by Colonel Jones were: The current list of medical literature; the photo duplication service; the organization of the Association of Honorary Consultants; and his arrangement with the Cleveland Medical Library for suitable safe space for the Library's invaluable historical collection including the irreplaceable incunabula, of which the Library holds such a large percentage of all in existence. This was a most important service and the transfer of this great priceless collection to Cleveland insured the preservation of it. Among the many honors conferred on Colonel Jones in recognition of his library service were: Hon-

orary curator, Osler Library, Montreal, 1936-46; president, Medical Library Association, 1940-41; editor of the Bulletin of the Medical Library Association, 1941-42; honorary doctor of law degree, Western Reserve University, 1945; portrait in oil presented to the Library by friends of the Library, 1944; the Marcia C. Noyes award in 1956. Dr. John F. Fulton said in 1945, "As he withdraws he can look back upon a job well done—one that places the American medical profession forever in his debt."

Colonel Jones was chief delegate to the Ninth International Congress of Military Medicine in Bucharest in 1937, and also delegate to the International Congress of Air Relief held in same city at about the same date. In addition he was delegate in 1937 to the Geneva Convention of International Hague and Geneva-Red Cross Societies. He was secretary general of the 10th International Congress of Military Medicine, Washington, 1939. He was twice decorated by France (1918 and 1937); by Rumania, 1941; by Poland, 1939; by Mexico, and by the United States, 1945 (Legion of Merit).

He was a member of several professional societies, and of military and civilian clubs. His writings were varied and on many subjects. All were well written with ready humor displaying his wide interest and knowledge. His *Green Fields and Golden Apples*, 1942, is most rewarding reading.

He was married to Eva Ewing Munn on January 1, 1910. She died in 1936. He was later married to Mary Winifred Morrison, May 1, 1937.

After his return to inactive duty in April 1946 he edited the *New Gould Medical Dictionary*. In this work he collaborated with a number of distinguished contributors. Upon completion of this work, he became chief editor of the medical section of the *Encyclopedia Americana*, and continued in this work for several years.

Survivors include his widow, Mrs. Mary W. Jones, of Orlando; a daughter, Mrs. Helen J. Esler, of Groton Long Point, Conn.; two sisters, Mrs. Charles A. Newhall, of Brookline, Mass., and Mrs. Edith Jones, Boston, Mass.; and a stepson, Frank McGurk, of Valdosta, Ga.

Colonel Jones was buried at 10 a. m., April 10, in Arlington Cemetery with full military honors. There were graveside funeral services.

APPROPRIATIONS FOR WELFARE ACTIVITIES

Mr. HUMPHREY. Mr. President, yesterday, by means of a letter to the distinguished senior Senator from Alabama [Mr. HILL], Chairman of the Subcommittee on Departments of Labor, Health, Education, and Welfare, and related agencies of the Committee on Appropriations, I called attention to the effect of the administration's budget on several activities in the health, education, and welfare fields. The appropriation bill for these programs was passed by the House of Representatives March 27, and is now before our own able Senate subcommittee.

I am confident that when the bill reaches the Senate floor many of the omissions and inadequacies of the administration proposals will have been located and revised. But in the meantime I wish to be on record as warning the Congress and the public what the administration proposed to do—or, rather, what it proposes not to do.

I ask unanimous consent that the text of my letter to the Senator from Ala-

bama be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HON. LISTER HILL,

Chairman, Subcommittee on Departments of Labor, Health, Education, and Welfare, and Related Agencies, Committee on Appropriations, United States Senate, Washington, D. C.

DEAR SENATOR: I understand that you are now bringing hearings to a close on the appropriation bill for the Departments of Labor, Health, Education, and Welfare, and related agencies.

I know that, as in the past, the many vital programs of these Departments will receive the most serious consideration by your Appropriations Subcommittee.

Already I have corresponded with you about several items in this bill of special concern to me. Now I should like to summarize various items that have come to light through correspondence from my constituents and through my own study of the bill as it came from the House of Representatives.

I hope that my views will be of assistance to you in committee discussion before the bill is reported to the Senate.

The pattern that emerges, as I look over the budget figures, is one of pretty general retrenchment, or failure to advance in almost all of the vital areas of welfare activity. The justification for the present reduced requests is everywhere the same: the budget. Not that the need is less; quite the contrary—the need is more as everyone, including administration spokesmen, admits. But administration officials consistently explain: "Overall fiscal considerations dictate that choices must be made." The administration then proceeds to make choices against advancement of the people's welfare. There is nothing hidden about the general holdback attitude. Let me cite several instances of special concern to me.

FOOD AND DRUG ADMINISTRATION

The Food and Drug Administration has been held to the same level as last year. Recently the administrator, appearing before the House Subcommittee, reported that they feel lucky to do this well—only a fight by the Department with the Bureau of the Budget saved them from across-the-board reductions that were the administration's policy. But the result is that the planned development of the Food and Drug Administration has been arrested.

In 1955 a Citizens Advisory Committee studied the Food and Drug Administration and made recommendations. The report, endorsed by the prominent professional and industrial associations with whom the agency deals, recommended a 3- to 4-fold expansion of the Food and Drug Administration in a period of 5 to 10 years starting with 1957. The fantastic increase in the number of new drugs developed each year—all of which must be tested by FDA; the constantly increasing trend toward partly processed foods with increased possibility of spoilage and harmful additives; the increased responsibilities laid upon the Food and Drug Administration through new legislation dealing with harmful effects of pesticides—all these things required, if the public interest is to be safeguarded in the manner intended by Congress, a greatly expanded Food and Drug Administration. So an approximately 15 percent per year expansion was initiated in the 1957 budget and continued in the 1958 budget. Now the administration proposes to bring this expansion to a halt. But we cannot afford to stand still. To give just one illustration of where we stand, let me cite the number of attorneys budgeted in the Food and Drug

Division of the Office of the General Counsel of the parent HEW Department. These men are concerned with enforcement suits. In the 1959 budget there are 19 attorneys budgeted. This is the same number as last year. The figure looks good against the 11 budgeted for 1956. Yet the true picture can be seen when you see that in 1951, before budget cutting of regulatory agencies became so popular, there were 20 attorneys for this purpose. Eight years ago there were 20; there are 19 now, even after 2 years to build up, even with the increased work load. We should not allow this critical program to lag.

PUBLIC HEALTH SERVICE HOSPITALS

Another place where recommendations by private groups have largely been ignored is our Public Health Service Hospitals. In October, 1958, five private survey teams surveyed Public Health Service Hospitals.

Their findings are shocking. In those hospitals where patient care could be rated good, the survey teams agreed it was only because the medical care programs were being carried on the backs of dedicated and overworked medical programs, a situation destructive of morale. In other places, patient care was rated substandard, resulting from such elemental things as insufficient essential supplies like surgical instruments and even modern drugs. There was general agreement that deterioration of already inferior hospital care was inevitable unless budgets were increased. Much of the equipment in the Public Health Service Hospitals is obsolete—the few items of good equipment they have are pieces that had been declared surplus by Veterans Administration facilities. Whereas ordinary hospitals plan a 10 percent annual replacement of equipment, at the present rate replacement of equipment in Public Health Services Hospitals will take 40 years.

In spite of these facts, no improvements are contemplated in the President's budget except at the leprosarium in Louisiana. What is the point, I ask, of conducting surveys such as these if we are going to refuse to take the action shown to be urgent to remedy the deficiencies?

OFFICE OF THE SOLICITOR, DEPARTMENT OF LABOR

A serious difficulty is arising in the enforcement of the Fair Labor Standards Act by the Office of the Solicitor of the Department of Labor. The case load is rising, and the probability is that this trend will continue. Wage determinations under the highway program, made by this office, are increasing because of the acceleration approved by the Congress. Further, field offices are reporting increased evidences of violation of the Labor Standards Act due to depression pressures. Yet no increase in staff has been allowed. Two years ago the Office of the Solicitor requested six new positions, but these were denied by Congress. This year the Office made a similar request, which was disallowed by the Bureau of the Budget. I think that serious consideration should be given to augmenting the staff of this important agency.

VENEREAL-DISEASE CONTROL

The administration recommended a \$15,000 cut in funds for clinical and laboratory research in control of venereal disease, despite evidence to show that the need is greater today than it was last year, and despite the request of the Public Health Service for an increase of about \$1.5 million, most of which would have gone to the States.

TUBERCULOSIS CONTROL

Funds for control of tuberculosis were reduced \$1.6 million. Just when we seem at last to be within sight of total control of this

one-time dreaded "white plague," the administration proposes to slow down the effort to wipe it out.

On several items in the budget for the Department of Health, Education, and Welfare, I have already communicated with the committee. Let me reiterate these:

LIBRARY SERVICES

The House of Representatives raised the appropriation for rural library service from the \$3 million the President recommended to \$5 million, the same amount as last year. However, the States stand ready to use the full \$7.5 million which is authorized for this program. Now that we have stimulated interest and local participation in providing library services where there are none, we should grant Federal participation to the full extent envisioned when we passed the law.

HOSPITAL CONSTRUCTION

Inquiry by the House committee extracted from the administration a budget revision that brought the request for hospital construction grants under the Hill-Burton Act up to \$121.2 million. However, this amount still will not be adequate. I believe that we should appropriate the full authorization of \$150 million and \$60 million respectively under the two parts of the program. The States are ready to proceed with building more hospitals and other medical facilities if we provide the initial funds. In Minnesota, for example, we are ready to go with 75 projects in the next fiscal year, with a total cost of \$61 million, if about \$25 million in Federal funds becomes available. Over the whole Nation, according to a Public Health Service survey, 1,285 projects costing \$1.3 billion could be initiated in the coming year if \$500 million in Federal funds were available. When we talk about antirecession measures, here is a good one. There would be no lag before they are begun on these projects. They are ready to go.

DENTAL HEALTH BUILDING

I am pleased to see that the House appropriated \$3.7 million to build the long-contemplated Dental Health Research building at the National Institutes of Health, even though the Administration wanted to put off starting it at least another year. I hope that we can get on with this needed project.

For the most part, the House of Representatives dealt favorably with budget requests for the Department of Health, Education, and Welfare. In many instances, they refused to acquiesce in administration plans to cut down on programs that are proving their worth. In other instances, such as the requests for the several institutes of health, the other body saw fit to raise the estimates of the Administration, in effect directing that greater effort should be put into these worthy projects. I hope that the Senate will retain these increases. However, there is urgent need on the part of institutions conducting the research projects for a greater allowance for overhead costs. My information is that 25 percent of the research grant would be a more realistic figure than the present 15 percent. The House Committee did not want to go along with the Administration's suggestions that research funds be cut back to provide more overhead allowance. I think this is sound reasoning. But we should appropriate more so that institutions do not have to spend out of their own funds to conduct Federal projects.

In a few instances, the House of Representatives cut funds where I do not believe there was evidence to justify such action:

SANITARY ENGINEERING

The House approved some \$90,000 less than requested for sanitary engineering. This will mean a reduction in the water pollution control activities of the Public Health Service. With our continued growth in population and urban concentration, the problem of

water pollution becomes more acute. I sincerely hope that the Senate will see fit to restore these funds. In addition, I hope that the grants to the States for pollution control will be maintained on the basis of \$50 million.

PUBLIC HEALTH ASSISTANCE TO THE STATES

The House of Representatives cut almost \$900,000 from the administration's request for grants to the States for general improvement in health activities. The report of the House committee shows no justification for this cut. I do not believe we should reduce this appropriation below last year's level.

RESEARCH AND TRAINING IN SOCIAL SECURITY

One area of particular concern to me is that of research and training in public welfare. We have recognized the value of research in many fields—medicine, agriculture, education. Yet we have up until the present not carried our general dedication to research into welfare fields.

In 1956 the Congress recognized the potential of research programs in this area and authorized \$5 million a year. But not a penny has ever been appropriated. The Department of Health, Education, and Welfare did not even request an appropriation in this field, because of Budget Bureau restrictions. The Department is, however, committed to research and ready to go ahead on a cooperative research program.

In addition, welfare programs have been handicapped by a lack of qualified personnel. In 1956 we also authorized a \$5 million training program, to be matched 20 percent by the State. This sum was requested in 1958, but since Congress did not grant it, the request was not repeated this year.

I think it is high time we began this long-delayed research program. It is foolish to go blindly ahead with our welfare programs without the benefit of facts, new understandings, and new methods which a research program could develop. I hope that we will appropriate the full authorization for these programs this year.

EMPLOYMENT SECURITY AND PUBLIC ASSISTANCE

Finally, there is another aspect of the administration's budget figures for the Departments of Labor and Health, Education, and Welfare, that will require thoughtful appraisal. All of the estimates for the Bureau of Employment Security and Bureau of Public Assistance were made under the assumption that there would be about 2 million insured unemployed during the coming fiscal year. The best present estimate of this figure we have is 3,600,000. It is obvious that the amount of money in the budget will not handle the requirements in this field, except in the unlikely prospect that President Eisenhower's predictions of an early end to the present recession without action by the Government begin to come true. Now, in fairness, it must be admitted budget procedures being what they are—that the bureaus concerned made their original estimates before economic conditions had reached their present sad state. Yet, despite repeated requests by the House subcommittee, no up-dating of the estimates were made by the Department. The House subcommittee finally threw up its hands in despair, and processed the estimates on the basis of 2 million insured unemployed. The Departments apparently now intend to proceed by the submission of supplemental appropriation requests. The least result of this method of operation is to make misleadingly low the budget for the next fiscal year.

PAYMENTS TO SCHOOL DISTRICTS

Another instance of what will turn out to be a misleading budget estimate is the item for payments to federally impacted school districts under Public Laws 815 and 874. The administration recommended no appropriation whatsoever for these programs for fiscal

1959. Their reason was that they submitted a legislative request to eliminate most of the Federal responsibility in this area. The administration did, however, propose a gentle letdown over a 4-year period. Where they expected to get the funds for this, I cannot understand. But the House of Representatives has already passed an extension of construction and operation payments to districts who have experienced a rise in enrollments because of Federal activity and where the tax base of the district has been reduced because parents of pupils live or work on Federal property. While the Senate has not acted on this measure as yet, I assume and hope that the extension will receive favorable action here. We then must expect a supplemental appropriation for this purpose.

In these brief paragraphs I have tried to demonstrate my concern with the attempt by the administration to cut back on some of the most valuable activities the Federal Government engages in. I am sure that other witnesses before your subcommittee have brought out facts to document the needs in various areas. I wanted only to underline a few of these.

I have one further comment and that relates to the Office of Vocational Rehabilitation.

OFFICE OF VOCATIONAL REHABILITATION

The appropriation of \$3.6 million by the House of Representatives for research and demonstration grants in the Office of Vocational Rehabilitation will provide for only about 18 new projects. It will take \$3.2 million merely to continue the projects presently authorized. I would think that about \$5 million for this purpose would provide much more adequate services in this field.

I am confident that the committee will recommend a good bill.

Best wishes.

Sincerely,

HUBERT H. HUMPHREY.

TWENTY-FIFTH ANNIVERSARY OF THE TENNESSEE VALLEY AUTHORITY

Mr. SPARKMAN. Yesterday was the 25th anniversary of TVA. Many hailed this event. A few did not.

The struggle to establish TVA was a long one. To those who led in this struggle—Franklin D. Roosevelt, George Norris, Lister Hill, and others—the Nation and indeed the world owes a deep debt of gratitude.

These forefathers of democracy unfurled the capes of progress and in the 25 years that have followed there has been more going about getting what this country needs than in all our previous history.

In Egypt a pile of well-placed rocks, known as the Sphinx, stands as a monument to the long-dead Pharaohs of the Nile. The Sphinx serves no useful purpose. It is doing the same thing today that it was doing thousands of years ago—sitting.

Contrast this to TVA. From the day the first ground was broken TVA has served a useful, glowing, dynamic purpose. It has placed food in the mouths of hungry children. It has placed light in the halls of mountain shacks. It has warmed both men's hearts and men's homes. It has saved billions in flood damage. The great heart of the TVA system has pumped the life blood of commerce into a valley where industry and good transportation were only the wild dreams of the Galilees of that earlier

day when quiet poverty ate bodies and souls with equal glee.

TVA has blessed the Nation with power, agricultural advancement, flood control, malaria control, recreational areas, forestry development, and navigation.

Power produced by TVA last year was more than 40 times as much as that used in the valley before TVA.

Under TVA's farmer education programs, instruction in the use of fertilizers has been conducted on 72,000 farms in 40 States. These programs are conducted by the agricultural college in each State.

One of the little-known products of TVA is malaria control. At one time a third of the people in certain areas of the valley suffered from malaria. Ten years have passed since a single case of malaria originating in the valley has been discovered. TVA's main defense against malaria is the periodic raising and lowering of water levels in TVA lakes. When the water is lowered the eggs of the mosquitoes are left high and dry to die in the sun.

Every year when the spring torrents come roaring out of the mountains TVA demonstrates dramatically the great role it is playing in flood control. In the Chattanooga area alone last year flood control measures eliminated the loss of \$66 million in damages.

TVA's recreational values are recognized throughout the Nation. Twenty TVA lakes touch seven States.

TVA has played an important role in forestry. TVA forest lands are helping build wood products industries. TVA nurseries have produced 400 million seedlings which have been used to reforest 300,000 acres in various parts of the Nation.

Shipping is booming in the Tennessee Valley. TVA dams have created a navigational channel 9 feet deep from Paducah, Ky., to Knoxville, Tenn., a total of 650 miles. In 1957 shipping on the Tennessee River totaled 12 million tons, saving shippers \$20 million.

However, the benefits of TVA have not accrued alone to this Nation. TVA is the greatest show on earth. Last year over 2,600 visitors from 83 nations visited and studied TVA. The people of the underdeveloped countries of the world look upon projects like TVA as a goal toward which they can work in order to realize their dreams of the future.

In addition to having made great savings possible to individual consumers through its influence on power rates, the TVA power system has saved millions of dollars for United States taxpayers. It has done this through its low rates to the atomic energy plants at Oak Ridge and Paducah, which are taking more than one-half of TVA's energy. And TVA has also benefited taxpayers through influencing private power companies which have also built powerplants to serve the Atomic Energy Commission at Paducah, Ky., and Portsmouth, Ohio, to give rates more in line with those charged by TVA. All these points, it seems to me, prove that TVA is serving the national interest, not merely the interest of the region.

TVA is essential to our national security. I do not say that our national defense would collapse if TVA were to succumb to its enemies. But I do remind my colleagues that huge quantities of aluminum are made in the valley. Many chemical producing industries are also located there.

The Air Force has built its strategic wind tunnel experiment center at Tullahoma, Tenn.

The Redstone missile project, which unquestionably holds the greatest possibility for the development of an adequate and effective missile program is located here.

It can be clearly seen that, to a great degree, the security of the Nation depends upon TVA.

Understandably, there was some opposition to TVA from the people who lived in that area—natural, normal opposition from responsible people there. My good friend, Barrett Shelton, publisher of the Decatur (Ala.) Daily, was one of these. In an article in the May 1958 issue of *Progressive*, Barrett writes:

Then came TVA. In the beginning I was against it. Perhaps I feared the superstate which some people, mostly outside the valley, had tried to call it. I knew I wanted no Government control over me or my people. Others felt the same way. Into this almost frankly hostile atmosphere walked David Lillenthal, one of the TVA directors, one midwinter afternoon. When we met in conference, our attitude was: "All right. You were not invited, but you're here. You are in command. Now what are you going to do?"

Lillenthal's answer took us by surprise: "I'm not going to do anything. You're going to do it."

TVA had no intention of taking command. It had no powers beyond those traditional functions exercised elsewhere by the Government through other agencies. It would, Lillenthal explained, provide the tools of opportunity—a navigation channel, protection from floods, low-cost power, better fertilizers, and farm-test demonstrations to show how they could be used. "What you do with these tools is up to you," he said.

You might say TVA is a do-it-yourself project. The people who live in the valley built the projects, man them, maintain them, cherish them, and reap the benefits thereof.

Some charge that this is socialism. These charges come mainly from the sour grapes lobby. This lobby would have us return to the feudalism and futility that brought on the depression of the 1930's.

However, there is just not any widespread interest in turning back the clock; but neither the sands of time nor the fruition of the TVA dream have deterred that small, but highly vocal sour grapes lobby, from its avowed purpose to make TVA ineffective.

As to the charge of socialism, I quote Senator Norris' views on that matter:

The valley is populated by a conservative people, who would never have any truck with Marxism in any form. The proof of TVA's integrity is that it is about as hard to find an enemy of TVA among them as it is to find teeth in the species of poultry known as the Rhode Island Red.

I think it is only fitting that this 25th anniversary of TVA should be thought of as an anniversary of reevaluation and of

rededication—rededication to the proposition that we will not give an inch to TVA's adversaries; for once they get their foot in the lock, so to speak, all that we have worked for may very well be washed away.

The men who drafted the TVA legislation, like the earlier framers of our Constitution, did a better job than they realized. They had the dream, and the courage to go ahead. Now we have added to that the most valuable asset of them all—experience.

The fight goes on. So far we have won the battles. Let us remain diligent so that we shall not lose the war.

Mr. KEFAUVER. Mr. President, I join with the distinguished junior Senator from Alabama [Mr. SPARKMAN] and other Senators in paying high tribute to the Tennessee Valley Authority on the 25th anniversary of the enactment of the TVA legislation.

As President Franklin Roosevelt said, the TVA concerns more than merely the development of power. It involves great projects of flood control, navigation, and reforestation, and represents an effort to develop the valley of the Tennessee in every legitimate and economic way. The Tennessee Valley Authority has more than met the expectations of President Roosevelt, Senator George W. Norris, and others who worked for the enactment of the legislation. It is the finest example of what a democratic people can do to develop and to make use of a river.

It is notable that when visitors from other countries come to the United States, because of their interest in the development of the assets and resources of their own countries they always want to see what has been done in the Tennessee Valley. It is the showplace of the United States, so far as the harnessing of a river for the benefit of man is concerned. The Tennessee River, which once brought devastation annually to the cities and people in several States, is now a stream not to be feared, but to be used.

I hope that on this 25th anniversary those who have opposed the TVA or who have been indifferent to it will take another look at it, and will join with us who have always supported the TVA in the effort to see to it that its operations shall be continued and its success assured.

At present, the TVA faces a crisis, in that for more than 5 years no appropriations have been made for any capital improvements of a substantial nature. The recommendation of the President and the Bureau of the Budget has been that there be a self-financing program. Yet the Bureau of the Budget has insisted that any self-financing be curtailed to such a degree that it is made virtually impractical.

The Senate passed a workable program, which would enable the TVA, without placing any burden on the Federal Government, to issue its own revenue bonds in order to build the facilities necessary for the continued development of the TVA, so as to enable it to fulfill its obligations to the Nation and the people of the valley. The bill is now pending in the House. Unfortunately, it

has received very little support from the Republican Members of the House. Some Members are supporting it, and we are grateful for their support. We wish that all Democrats and all Republicans would on a nonpartisan basis, support the self-financing TVA bill.

We speak frequently of a public works program and of methods of furnishing useful employment to people who are out of work. The TVA program would not cost the Federal Government 1 cent. By enabling the TVA to finance its own improvements, projects could be built, and the economy would be benefited and the opportunities for employment would be greatly enhanced. This is absolutely necessary and essential at a time when there is no unemployment, but now there should be an added impetus to passing the bill, because its passage will furnish needed jobs for a very essential and necessary program to be carried on in the Tennessee Valley.

Yesterday the Nashville Tennessean published an editorial which states very well what the TVA has done and what it means. I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From The Nashville Tennessean of May 18, 1958]

TWENTY-FIVE YEARS OF TVA HAVE BROUGHT VALLEY FROM SHADOW INTO THE SUN OF PROGRESS

It was 25 years ago today that President Franklin D. Roosevelt signed the Tennessee Valley Authority Act that was not only to tame a savage river and provide rejuvenation for an ailing valley, but was to become a glowing, globally known symbol of democracy in action.

It is fitting on this 25th anniversary that we reflect upon yesterday. A new generation has grown up without memory of what things were like before TVA, and in the intervening years perhaps all of us have forgotten much.

In 1933, the Tennessee River was wayward and broad but practically useless. But it was feared, for its unpredictable floods swept away homes, inundated businesses, ruined crops, and carried away the top soil.

The economy was largely based on cotton, which further robbed the soil of fertility. If new industry came at all, it came slowly and for the wrong reasons—subsidies and low wages.

Thousands and thousands of homes were poorly heated, ill-lit by kerosene lamps—less than 4 percent of the farms were electrified—and without advantages that we take for granted today.

Forests and woodlands were neglected, burned over and generally eroded.

Across a broad tier of counties, malaria held a continuous grip on more than a third of the people. Farm and factory productivity suffered from a fever-instilled lethargy.

In brief, 2 decades ago the valley was an area that was underdeveloped economically and in critical need of industrialization to make fuller use of its natural and labor resources—a mighty challenge in those depression days.

Then, the dream of the late Senator George Norris was brought into being by the late President Roosevelt, and there began the most farsighted resource program that any nation or region has undertaken. The essence of the plan was the partnership of the Federal Government with the people of

a river valley in a unified development of all the resources of a great river system.

Today, the once feared Tennessee River is a busy channel of commerce. Shipping has trebled. Private industry has invested more than a half-billion dollars in 100 waterfront plants and terminals. The river has helped provide the base for a new pulp and paper industry which alone employs 9,000 workers.

Malaria has become almost nonexistent, dropping from 30 percent incidence in 1934 to zero now.

Hydroelectric powerplants tap the river's waters to serve 1,500,000 customers whose standards of living have jumped. Per capita income has increased from 45 to 63 percent of the national average. Hundreds of new industries and additional millions in payrolls have been added, and the region is on the road to robust strength and abundance.

Recreation is still another major item. At the end of 1957, the value of recreational facilities along the TVA lakes had reached \$72 million. Almost 50,000 private boats of all kinds now operate where a few crude craft were in use two decades ago. Almost 3 million man-days of fishing alone are enjoyed each year. Fishing and boating equipment sales have become a big business. Tourism has increased.

But TVA has not served the valley alone; it has served the Nation. It is in the forefront of the development of atomic missiles, light metals and new chemicals. More than half of its power goes to atomic-energy projects, and it is doubtful the country could have taken the lead in developing atomic energy without this source for the staggering amounts of electricity needed.

It has been a power rate "yardstick" which has saved millions for consumers of privately owned power and it is significant that private utilities bordering TVA found that the project's theory of power distribution works profitably for them.

In the years 1934-56, TVA made purchases of more than one billion dollars from businesses outside the valley. Users of TVA power have spent \$1.7 billion on appliances.

In 1933, only 3.4 percent of total Federal income taxes from individuals came from the TVA region. Recent studies show the tax contribution from the area to have doubled—the difference in taxes being almost five times the amount the Government has invested in all of TVA.

Globally, the initials of TVA stand for the multiple use of a single river to meet the needs of man, and the TVA idea has flourished in India, is working in Iran, Australia, Lebanon, Mexico, and Colombia.

"If we are successful here," President Roosevelt told Congress in 1933, "we can march on step by step, in a like development of other great natural territorial units within our borders." Other nations are "marching" but this country is standing still and has for 5 years.

The TVA has always had enemies, but the concept and the truth of the idea behind it has stood the test for 25 years. The political climate in Washington will not always be negative, and, with the support of its Congressional backers, the people of the valley and others who know of its benefits, TVA can ride out the present storm.

Its record is a splendid tribute to what can be accomplished "in partnership" between the Government and the people.

When the pressing events of time and trouble shake this Nation from semi-quietude on resource development; when it becomes imperative we exert each sinew of strength to hold the position of a leading nation, TVA will be a beacon by which those efforts are guided.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Is there further morning business? If not, morning business is closed.

CONSTRUCTION OF CERTAIN ROADS ON THE NAVAHO AND HOPI INDIAN RESERVATIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate, for its consideration.

The PRESIDING OFFICER. Is there objection? Without objection, the Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (S. 3468) to provide for the construction and improvement of certain roads on the Navaho and Hopi Indian Reservations.

TOWARD A DURABLE PEACE—II: EUROPE AND UNITED STATES POLICIES

Mr. MANSFIELD. Mr. President, a short time ago, I stated to the Senate what I regard as some of the principal points of potential conflict in the world. I suggested that, despite any appearances to the contrary, there exist in Europe, in the Middle East, and in the Far East, pressures which, if unrelieved, could precipitate war.

If we wish to act for peace, it will do no good to ignore these situations. It will do no good to propagandize ourselves into the belief that the tensions which they contain will forever be held in check. The fuses are set; and any one of them, at any time, can be ignited by accident or by design, and can blast this misleading illusion in our faces.

If there is to be a firmer base for peace in Europe, in the Middle East, and in the Far East, it seems to me essential that we see these regions as they are—not as they were yesterday, or as we might like them to be, but as they are now. It is necessary to determine whether any changes which can be made in our policies may serve to reduce the danger of conflict in one or more of these regions. I may add that it is equally necessary that the Russians and the nations of the regions themselves do the same.

To those who say that in these dangerous situations, the Russians will not act for peace, I must point out that if the Russians do not act for peace, then, by some perversion of reason, they will have concluded that their interest lies in their extinction, along with the general destruction of human society, for, it is that, rather than Soviet aggrandizement or American gain, which is the promise of the failure to act for peace in these situations. Against madness, if such it is, that governs the Soviet Union, there is no safeguard except alertness and defense; and it goes without saying that we must maintain both.

To those who say, however, that the attitude of the Soviet Union is the sole factor underlying the tensions at the pressure-points in Europe, in the Middle East, and in the Far East, I can only point out that history and a modicum of reflection tell us that that is a deceptive oversimplification. It is almost as wrong as the Soviet view which it parallels, namely, the view which holds us solely responsible for these tensions. It

completely ignores the inner difficulties of Europe, the Middle East, and the Far East—difficulties which exist quite apart from the Soviet Union and ourselves.

I must point out, further, that this Nation's greatness was built, not by reacting to what others do or fail to do, but by doing what we ourselves hold that it is right to do. If we believe peace is right—and I know of no Member of this body who professes otherwise—then we must, in good faith, work for peace. We must work for it wisely, prudently, and cautiously; but we must work for it. We must work for it, not only as an abstract ideal, but as a practical and compelling necessity. We must work for it, not as a concession to the Russians, but as a duty to ourselves and to mankind.

It is within this basic approach, Mr. President, that today I shall consider the situation in Europe as one of the major pressure points of potential conflict in the world. It may seem strange to the Senate that I list Europe in this fashion. Certainly, if there is any place on the globe where American policies over the years have been helpful in building a relatively high degree of stability for freedom, it is Europe. Certainly, Western Europe has come a long way from the depths of hopelessness and helplessness to which it had sunk by the end of World War II. Certainly, we have been reassured that the recent NATO Conference of Ministers, in Copenhagen, attests to the vitality of the North Atlantic Treaty Organization. Certainly, Western Germany has reached new heights of achievement in peace and in freedom. And, certainly, Soviet totalitarianism is having its troubles in Eastern Europe.

All that is to the good, Mr. President. Unfortunately, it is not the whole picture. Another aspect of the European situation does not come so readily or pleasantly into view. Nevertheless, it exists; and it constitutes a threat to Europe's peace and, hence, to our peace and to the peace of the world.

Mr. President, this other aspect, this darker side, of the European situation is composed primarily of three problems: The uncertainty as to the permanence of European integration and NATO cooperation; the delayed unification of Germany; and the unfinished business of a transition to independence and responsible government in Eastern Europe. Until there are firmly established patterns through which these problems can be solved, and which promise reasonable stability and reasonable opportunity for freedom to survive and to grow, it is premature to conclude that Europe is on the road to lasting peace.

It is erroneous to conclude, too, that either the Soviet Union or the United States or the United States and the Soviet Union together, constitutes the sole cause of the difficulty. Yet, Mr. President, conclusions of that type are today being widely drawn in this country, in Russia, and in Europe.

Of these inner problems of Europe, Mr. President, that of the integration of Western Europe within the larger cooperation of the NATO grouping is the most advanced toward solution. The Europeans themselves have moved a long way

toward unity, in the Coal and Steel Community, in Euratom, in the Common Market, and in other mutual undertakings. In the past decade, they have built a great complex of integrating mechanisms—a constructive political achievement which rivals any other in European history. Furthermore NATO, for all its shortcomings, still maintains, around the core of a uniting Western Europe, the basic machinery for the defense of a still-wider arc of free nations.

But this integrating process, Mr. President, however successful it has been to date, is not yet a fully established, self-sustaining one. It cannot stand still in a world which does not stand still. The process must either go on to new heights of common progress and greater security for the participating nations, or it will falter and sink back. We may well ask, sink back to what? To the national rivalries of Europe which preceded the 2 great wars and the isolation of 1 free nation from another? To the attempt to achieve security for one's own state, while others are insecure? Free nations have tried that formula before; and they have paid, and are continuing to pay, an enormous price for the folly.

The truth is that there is no road back to a past. The only retreat is a retreat to disaster for ourselves and for other free nations. What disturbs me, however, is a tendency, in this country and in others, to believe that since such is the case, the nations of the West will not succumb to the temptations of retreat. Unfortunately, Mr. President, nations in panic, in anger, or in desperation, have been known many times to abandon their long-range welfare; and it is highly dangerous to assume that they will not do so again.

Despite all the progress of the past decade, I do not believe that the concepts of European integration and Western cooperation have yet passed the point of no return. The pursuit of these concepts may well at this very time be approaching a crisis brought on largely by the cumulative attrition of the issues of Cyprus and North Africa, the impact of the Soviet peace offensive on the peoples of Western Europe, and the still unmeasured impact of the recession at home on ourselves and all free nations.

If the integration of Europe and the cooperation of free Western nations—this effort to which many nations have given so much—if it is vital to us and to others, then it is incumbent upon others and upon us to leave no stone unturned in seeking to assure its continuance. I realize, of course, that in some respects the problems of Western cooperation are such that the policies of this country can have, at best, only a peripheral influence.

That is certainly the case with respect to Cyprus and North Africa. This country has offered good offices in the Cyprus issue, and the able Deputy Under Secretary of State, Mr. Murphy, has made a very earnest attempt at reconciliation between France and Tunisia, an essential step in the solution of the North African crisis. Both attempts have been unsuccessful. With these measures, however,

surely we have not exhausted the possibilities of policy.

Perhaps the time has come for us to urge Greece, Turkey, and Britain to seek an interim solution in Cyprus along the lines of a condominium of all three over the island, and to assist them, if they wish, in finding this solution. I am aware that many avenues have been explored in an effort to settle the Cypriot dispute, but I am not aware that that of condominium has been seriously considered. Nevertheless, an interim status of that kind could assure the continued security of the defense facilities of that strategic island, at least during the present critical time. It could also provide an opportunity to work out a permanent solution to the problem of ultimate sovereignty in an atmosphere of greater stability and shared responsibility. Certainly it is not presumptuous on our part, as an ally to allies, to put forward this proposal in their interest, in our interest, and in the interest of all the NATO members.

As I have said, Mr. President, there is a severe limit on what the policies of this country can do in the Cypriot and North African questions. The power and the responsibility of decision lie primarily, and properly, elsewhere. We cannot act on our own to remove these dangers, and I fully appreciate the difficulties of the Secretary of State in trying to deal with them.

That is not the case, however, insofar as other jeopardies to Western cooperation are concerned, I refer, first, to the impact of the Soviet peace offensive on the peoples of Western Europe. We may think of this offensive as astute and unscrupulous propaganda. Among people, however, who know firsthand, war's most agonizing personal tragedies, among people weary of war and the constant threat of war, it is, to say the least, powerful and highly effective propaganda. It creates an extremely difficult dilemma for all responsible European political leaders who see through the propaganda and who are attempting to align their nation's policies with those of the United States.

The answer to this Soviet propaganda, astute and unscrupulous as it may be, is not to seek to emulate it or outdo it. We may, possibly, win verbal battles with the Russians by shouting or by "outpeacing" them. We will in the process, however, lose something much more important—the Nation's integrity. And we will not win something that is far more important than these hollow victories of propaganda: We will not win and hold the hearts and confidence of the peoples of the world. We had that confidence twice, at the end of World War I and World War II, and twice we have allowed it to slip away. We can regain it now, not by better propaganda, but by better policies; not by words of peace, but by acts of peace.

Let me try, Mr. President, to illustrate this point as it involves Western Europe. It is important for the defense of the free Western nations that the NATO military command evolve in an orderly fashion to keep pace with evolving military technology. To that end, Mr. President, we took the initiative a few months ago and

obtained a limited concurrence from other NATO members on the placement of missile bases in European countries. More recently, an administration bill was placed before Congress which permits the transfer of information on nuclear weapons and components of the weapons to certain NATO nations.

Mr. President, I am in no position at this time to comment on the military necessity or wisdom which prompted these moves. Granted their military importance, however, I must ask, what kind of an answer are they to the Soviet peace offensive? How do they look to ordinary people in Europe who, like ourselves, have little knowledge of the needs of modern military operations? Standing alone, I submit, they are no answer at all. Yet, so far as I know, they are the only new significant acts of policy directly affecting Europe and NATO which have been initiated by this country since the Soviet peace offensive began.

Where was the initiative which might have demonstrated that if the cooperation of free men means to us a willingness to die together with others in the common defense of freedom, it also means to us a willingness to live together and to work together with others in common constructive effort? There were measures—companion measures to those involving missiles placement abroad and nuclear weapons transfers—which might have been taken to make this point clear. There are measures which can still be taken to make it clear—in our interest and in the interest of the Europeans.

We will not regain the confidence and the support of the peoples of Western Europe merely by proposing to supply their military commands with parts and information on how to put together a nuclear weapon and how to use it—a do-it-yourself kit for destruction. Let us do that, if we must, for the common defense of freedom; but let us not, in all common sense, expect that act, in itself, to fill the longing for constructive action for peace which fills the hearts of ordinary Europeans, ordinary people everywhere. The action which might have begun to meet that longing, the action which was not taken, would have been a concurrent proposal to dig deeper channels of cooperation between ourselves and other Western European nations in the development of peaceful nuclear energy and in the exploration of space, these two great scientific achievements of mankind.

Such clumsy official gestures which have so far been made in this connection suggest that when it comes to supplying military missiles and nuclear weapons to the Europeans, we regard them as close and essential allies, but when it is a question of cooperation for peaceful progress, either we regard them as dangerous competitors, or, in any event, take no notice of what they have contributed and can contribute in these fields.

I cannot see, Mr. President, what is keeping this administration even now from an active policy of cooperation with Euratom in the more rapid development of the peaceful uses of nuclear power. I cannot see what is keeping this administration from a policy of cooperation

with Western Europe in meeting one of the great constructive tasks of this century—the exploration of space. I cannot see what the block is, Mr. President, unless it is that the administration may regard as futile an effort to cooperate with Europe on problems of this kind when it cannot even get cooperation among the interested civilian and military agencies within the executive branch of the Government.

Mr. President, the development of nuclear power and the exploration of space require scientific brains, technical skills, and organization, and money. Needless to say, we do not have unlimited resources in any of the categories. Each Western European country alone does not have an adequate supply of these resources. It seems to me desirable, therefore, beyond all possible doubt, for our own sake as well as for theirs, to work together in the closest possible way with them on these matters. More important, a common focus on these matters cannot help but stimulate the process of European integration and Western cooperation in all of its ramifications. Most important, an American initiative in these matters will be an act, a positive act of peace.

Finally, Mr. President, in this discussion of the threats to Western cooperation—to this keystone of peace in Europe—let me mention the possible adverse impact of the recession here at home. The present period in Europe is one of intense but uncertain economic activity. To Europe, this period has all the earmarks of prosperity, perhaps the greatest Europeans have ever known, but it is a brittle prosperity.

In the present complex of international trade relations, it is the United States which is the key to a high level of economic activity in Western Europe. The impact of the present recession, which is already having serious consequences at home, cannot be contained within our borders. If the recession is prolonged, the consequences abroad may well be disastrous, not only in an economic sense, but in the political sphere as well.

That is because prosperity in Europe is a thin crust built on economies which have little, if any, margin of reserve. Should the crust give way finally—and there are already signs of cracking—it may well destroy the stability of free political institutions in Western Europe and undermine the cooperation of the countries of that region one with another, as well as their cooperation within the larger framework of NATO.

Nothing could be more disastrous to peace and to freedom. I refer those who doubt this assertion to the sorry history of Europe between the wars, to the intimate relationship between economic stagnation, economic nationalism, the rise of dictatorships, and the gathering clouds of war in that period.

In 1954, Mr. President, on returning from Europe, I suggested in a report to the Committee on Foreign Relations, that:

An immediate need would seem to be for the Western nations to give serious considerations to convening one or more special economic conferences. Such conferences might serve to define the problems which

must be overcome if the nations of Western Europe and the North Atlantic Community are to maintain sound economies. They could also point the way to common action in meeting these problems. * * *

In 1955, on returning from Europe, I alluded to this matter again in these terms:

The need for a facing of economic facts in the Western community is essential. This should come in an open and frank conference and it should come before the shortsighted "each one for himself" practices of the pre-war period once again threaten the free nations with a repetition of the economic disaster of the thirties.

Mr. President, I made these observations at a time when we were booming along in a booming prosperity, as was most of Europe. I made them because it seemed to me that a rational solution to problems is more likely to be obtained by acting, not after, but before the stage of crisis is reached.

So far as I know, these observations, made several years ago, were ignored by the administration. In any event, we have not had the conference which might have provided the kind of understanding of the international ramifications of present economic difficulties which we now need, the kind of understanding that would have facilitated a more rational consideration of our trade and other international economic policies. Now, when we are in an economic crisis at home, Congress is presented with the urgent pressures of the administration to push through a Reciprocal Trade Act and foreign-aid bill. It is the same old story, Mr. President, the story of drift and delay until deadline, crisis action in preference to rational action.

To conclude this discussion of the threat of disunity among the Western nations, this threat to peace in Europe, let me reiterate what I said in 1955, for it is, I believe, even more applicable today:

If we continue to ignore the common responsibilities for building a genuine peace and preserving freedom then we should not be shocked when we awake one day to find both in jeopardy.

I turn now, Mr. President, to the second major problem of peace in Europe, to the problem of a divided Germany. It seems to me that there is one kind of settlement of this problem which is no settlement at all. That is a settlement which would open the way to a unified Germany, whether it be Communist-oriented or Capitalist-oriented, to become once again the military scourge of all Europe, East and West alike. The best, perhaps the only way, to guard against the possibility of a revival of militarism in Germany is the path chosen eagerly by the great majority of the German people at the moment when their revulsion against militarism was greatest. That is the path of peaceful fusion with Western Europe.

Germany is of the West and must remain in the West. Any peace which requires a severance of those ties would be no peace at all. It would not even be appeasement. It would be an act of unmitigated folly—for Germany, for Russia and for Western Europe. On that point, in any settlement of the

problem of unification, there can be no yielding.

Within that framework, however, there can be room for negotiation. While Germany's ties with Western Europe must remain intimate and unbroken, I cannot see, for example, that the present form and the extent of German military participation in the defense of the West need be regarded as sacrosanct. Security needs are ever-changing needs and West German rearmament is not an end in itself. It is for the purpose of contributing to the defense of the Western community and not for the purpose of frightening Europe or keeping tidy, rigid military tables of organization. This is one area of the unification problem, therefore, in which it seems to me that reasonable proposals for negotiation ought never to be rejected out of hand. On the contrary, they might even be advanced by the Western nations. Present policies on German rearmament ought to be regarded as amenable to change, provided always, that the changes do not envision a Germany separated from Western Europe, provided that they are carefully related with the problem of general international disarmament.

There is another aspect to the problem of German unification, Mr. President, which seems to me to require elaboration in the light of the changing situation in Europe. Our position in effect is that the way to peaceful unity in Germany is through free all-German elections, under the general sanction of Russia, France, Britain, and the United States. This position requires that virtually all the initiative for unification, in effect, come from outside Germany.

Events, Mr. President, have moved a long way since this policy was devised and the bell no longer has an altogether altruistic sound when it is rung over and over again in the same fashion. A new Germany has emerged in the West since that policy was devised. It has grown into the most dynamic nation of Western Europe. A new Germany has appeared in the East and, whatever we may think of it, it is not the same as the Germany of the past or the Germany of the West.

There are now military and paramilitary forces in both West and East Germany. How are these forces to be integrated in peace in a unified Germany? Is this a problem which can be solved primarily by outside powers, even with the best of intentions? Can free elections, without advanced and extensive preparations by Germans themselves, solve it?

There are differing economic structures functioning in Western and Eastern Germany. Can these structures be harmonized in peace by outsiders? Will free elections, without advanced and extensive preparations by Germans themselves, harmonize them?

I raise these questions, Mr. President, as examples of the inescapable realities of the present situation in Germany. There are countless others of a similar nature which might be cited. It seems to me that in the light of these realities we do not begin to have the basis for German unification in peace and for

peace, without a vast enlargement of contact between the peoples of Western and Eastern Germany themselves.

Further, it seems to me most desirable, before we try to deal with the massive problems of unification of Germany as a whole, that this problem be tested in microcosm. What better place is there to develop valid techniques for the process of uniting Germany than in Berlin? Certainly, if unification in peace and for peace cannot be obtained promptly in Berlin, to which all Germans undoubtedly look as the capital of a unified nation, there is small prospect that it will be obtained in peace and for peace, for the whole of Germany, for a long time to come.

I wish finally in these remarks today to deal with the volcanic situation in Eastern Europe, with the third major threat to the peace of Europe. The Russians may say that the book is closed on this region, but they know better. They are not ignorant of history. They know that so long as the principal national groupings of Eastern Europe do not have a reasonably secure, independent national existence, so long as those people lack reasonable internal freedom and the right to live in full association with other nations of the world—so long as such basic rights are denied them, the book will not be closed on Eastern Europe.

It matters only in degree how these rights are denied, whether it is by direct Soviet or some other alien suppression or by indigenous tyrants who fear the wrath of their own peoples. The instability is there, and it will not go away. As long as it finds no peaceful outlet in progress toward establishing a secure national independence and responsible political institutions, this insecurity will threaten the peace of Europe and the peace of the world. The situation is not new; it is an old situation in new dress. Have we forgotten 1914 and Sarajevo? Have the Russians? Have we forgotten 1939 and Poland? Have the Russians?

The circumstances of World War II projected the Soviet Union into Eastern Europe. There can be little quarrel over how the Russians entered Eastern Europe. If we are honest, we will remember that we were delighted to have them there at that time. The quarrel is not so much with that as it is with what they have done or failed to do since they have been there. They have not yet met the responsibility which was primarily theirs to meet, to encourage the emergence from the ruins of Nazi conquest and domination of free and stable states and equitable societies in Eastern Europe.

Nor can there be much quarrel with any legitimate desire of the Russians to make secure their border with Eastern Europe from whence they were invaded in World War II. The quarrel is with the manner in which they have gone about it, by discouraging national independence and stable and responsible internal political orders in the latter region. If legitimate security is really a major concern of the Russians in Eastern Europe, I can only regret the fact that they are doing precisely what, in the long run, will jeopardize it.

The ultimate objective of American policy respecting Eastern Europe is, and must remain, the establishment of full national independence of the major national groupings of that region and the encouragement of stable and responsible political institutions within them. We seek this objective for peace; it is essential not to seek it out of a negative desire to embarrass the Russians or to jeopardize their security. We must seek this objective for positive purposes, for peace—for their peace as well as the peace of Europe and our own.

We can look for progress toward this objective via the route of the Hungarian bloodbath and then pour out countless tears of regret, and pour millions of words into the propaganda war, but back away from painful military involvement when revolution is thwarted. That is an easy and painless way, except for the thousands of martyrs whose blood is shed, and except that there is no reason to believe that it will produce results. Unless we are prepared to mix our own blood with that which will flow in Eastern Europe via this route, it seems to me that basic human decency requires that we seek some other way.

I do not know whether, in the present circumstances there is another way to independence and to stable responsible government in Eastern Europe. If any does in fact exist, it seems to me that there is a chance that it may be found eventually in the course which this administration is now pursuing in Poland. It is not the way of the cold war, but the way of gradually reopening the channels of peaceful contact between the West and the peoples of Eastern Europe.

If it is valid to maintain diplomatic relations with Russia, Poland, Hungary, and other countries of Eastern Europe—as presumably it is since we are doing so—then I cannot see the logic in not maintaining such relations with all these states in Eastern Europe. If it is desirable to expand culture, trade, and other contacts between the Soviet Union and this country, as the President has said it is, then equally or more so, it would seem desirable to expand these contracts with Poland, Czechoslovakia and all the countries of Eastern Europe.

No one can say with certainty whether such a policy would work. One can only ask, what is the alternative?

It is possible that a beginning of the peaceful evolution of Eastern Europe toward genuine national independence and responsible government may lie, not in turning our backs on the peoples of that region, not by the lusty verbal attacks in the propaganda war, but by opening up more windows through which Western concepts may resume their peaceful flow into Eastern Europe. It is possible that visits by the Secretary of State and other officials of this Government to Eastern Europe may assist in this process. Such visits might provide more convincing evidence than verbal charges and retreats that we have not forgotten the peoples of that region.

Finally, I believe it is in order to suggest to the Russians that in the pursuit of their pronounced desire for peaceful coexistence and peaceful competition

they join with us in an effort to persuade the governments of the Eastern European countries to provide some opportunity for the practice of Western concepts of political freedom within their borders. I do not say that freedom, if it is to have a chance, requires as much opportunity to compete as communism enjoys in Western Europe, but it does require some opportunity. Unless it has that opportunity, we can hardly begin to talk of bona fide competition between the two systems.

I urge that this proposal, if it is made, be made in the spirit which I advance it, not out of any desire to win another meaningless victory in the propaganda war, but in the spirit of peaceful political competition, for the sake of Europe, for the sake of the world.

Let me suggest, finally, Mr. President, that beyond the problem of the unity of the Western Nations, beyond the problem of the unification of Germany, beyond the problem of instability in Eastern Europe, there still exists a need for a broad reconciliation between the Western European countries and those of Eastern Europe. There is a need for a full resumption of cultural contact, trade, and other appropriate international intercourse. There is an essential step in the reduction of fears and the burden of armaments which fears entail.

Perhaps the directions of this reconciliation can be laid by a conference of the leaders of the European countries—East and West—to undertake a general review of intra-European relations. I think it would be a good idea, too, if such a meeting is held, for the Soviet Union and the United States to sit at the back as observers, rather than in front, as the principal participants.

Mr. President, in concluding my remarks today, I remind the Senate that I do not have access to all the facts which must go into decisions to incorporate suggestions such as I have been making into policy. The President and the Secretary of State presumably have those facts. In any event, they have responsibility for making the decisions. It does seem to me, however, that if the world is to break out of the dangerous impasse, if it is to move toward peace, then the path of accommodation to the realities of the European situation must be fully explored. I believe there is at least a chance that we can move along this path toward a more durable peace. I believe we can do so without relative loss of security for ourselves and with a positive gain for the security of all nations. What I am suggesting here, Mr. President, are possible steps along this path away from the abyss of the ultimate war. I am suggesting that we consider these steps, not as a concession to the Russians, but as an initiative for peace for the benefit of this Nation, all Europe, and all mankind.

Mr. PAYNE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. PAYNE. Mr. President, I should like to observe that my distinguished colleague from Montana has again presented to the Senate what appears to me to be a most constructive and objective approach to some difficult problems

which confront the entire world. I do not know of any other person who has spent so much time as has the Senator from Montana in observing these world problems. I had occasion to be in Europe with him a few years ago, and I know of the high esteem in which he is held by many leaders over there.

Whether some of the conclusions at which he has arrived are right or wrong, time alone will tell. However, it is certain that the questions he has raised and the proposals he has set forth in such a constructive manner deserve the most earnest attention and consideration by all who are interested in trying to arrive at a constructive answer to world peace. I wish to compliment him once more for the valuable contribution he has made today on the floor of the Senate toward that objective.

Mr. MANSFIELD. Mr. President, I should like to express my deepest thanks to the distinguished Senator from Maine who, as he has said, participated with me in a trip to Europe several years ago. I wish to return the compliment and say that he is among the keenest observers of the foreign scene I have ever known, and that he distinguishes between a constructive suggestion and a political statement. I am very happy that in his commendatory remarks about me he recognized the point I was trying to make, namely, that there is a constructive way in which the Senate may be of help in the formulation of policy.

As I have indicated, I do not have access to all the information to which the President and the Secretary of State have access, but I believe, on the basis of our responsibility, we should advance suggestions. If we cannot advance suggestions of a constructive nature, then I believe we should not criticize foreign policy.

Again I wish to thank the distinguished Senator from Maine for his comments, and I assure him that I deeply appreciate them.

VISIT TO THE SENATE BY HUGUES F. BOURJOLLY, PRESIDENT OF THE SENATE OF THE REPUBLIC OF HAITI

Mr. AIKEN. Mr. President, some time ago we were honored by a visit of one of the Senators of the Haitian Senate, from that very beautiful country in the Caribbean, a country which is inhabited by 4 million freedom-loving people.

Today, Mr. President, we are honored by having with us the President of the Senate of the Republic of Haiti. I should like to introduce to the Senate the Honorable Hugues F. Bourjolly, President of the Senate of Haiti.

(Applause, Senators rising.)

Mr. MANSFIELD. Mr. President, I should like to join my distinguished colleague, the senior Senator from Vermont, in extending greetings to our distinguished guest, our colleague from the Republic of Haiti. I wish to recall to him that we well remember, what is stated in our history books, that the Republic of Haiti was one of the first nations to come to the aid of the American Revolu-

tionaries and a number of soldiers were sent from that island to fight in the American cause for freedom.

On behalf of my colleagues on this side of the aisle, I join my colleagues on the other side in welcoming our distinguished guest.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 728. An act to authorize the acquisition of certain property in square 724 in the District of Columbia for the purpose of extension of the site of the additional office building for the United States Senate or for the purpose of addition to the United States Capitol Grounds;

S. 847. An act to amend the act of June 5, 1944, relating to the construction, operation, and maintenance of Hungry Horse Dam, Montana;

S. 2557. An act to amend the act granting the consent of Congress to the negotiation of certain compacts by the States of Nebraska, Wyoming, and South Dakota in order to extend the time for such negotiation;

S. 2813. An act to provide for certain credits to the Salt River Valley Water Users' Association and the Salt River Project Agricultural Improvement and Power District in consideration of the transfer to the Government of property in Phoenix, Ariz.;

S. 3087. An act to provide for the establishment of Fort Clatsop National Memorial in the State of Oregon, and for other purposes; and

S. 3371. An act to amend the act of August 25, 1916, to increase the period for which concessionaire leases may be granted under that act from 20 years to 30 years.

CONSTRUCTION OF CERTAIN ROADS ON THE NAVAHO AND HOPI INDIAN RESERVATIONS

The Senate resumed the consideration of the bill (S. 3468) to provide for the construction and improvement of certain roads on the Navaho and Hopi Indian Reservations.

Mr. ANDERSON. Mr. President, the bill now pending before the Senate would amend the Navaho-Hopi Rehabilitation Act of 1950, so as to provide additional authorization of funds for the construction of certain roads on the two reservations.

I should like to review briefly for Senators the long-range Navaho-Hopi program which the Congress passed several years ago. In 1947, there was brought to the attention of the Congress the dire plight of some 65,000 Navaho and Hopi Indians living in Arizona, New Mexico, and Utah. The situation was so serious that a \$2 million appropriation was voted in the 1st session of the 80th Congress for the immediate relief of the two tribes. The Secretary of the Interior was authorized and directed, at the earliest practicable date, to submit to Congress his recommendations for necessary legislation for a long-range program dealing with the problem of the Navaho and Hopi Indians.

Under the chairmanship of the able Senator from Utah [Mr. WATKINS], the Subcommittee on Indian Affairs held

several days of hearings in 1948 on a proposed long-range rehabilitation act for Navahos and Hopis. Again, in the 81st Congress, I conducted hearings on S. 1407, bearing on the same subject, and after some revisions of the bill to overcome the objections of the President, we succeeded in having a rehabilitation program enacted.

The Navaho-Hopi program, as contained in Public Law 474 of the 81st Congress, authorized \$88,570,000 to be appropriated over a period of 10 years for the benefit of the two Indian groups. The program was expected to achieve the following purposes: First, to enable the Navaho people to attain economic self-sufficiency through their own efforts; second, to assist them in becoming healthy, enlightened citizens, capable of enjoying the full benefits of our democracy; and, third, to carry out the legal and moral obligations of the Federal Government to the Navaho Tribe. The law also created a Joint Committee on Navaho-Hopi Indian Administration to oversee the administration of the program.

A number of categories of assistance were set forth in the 1950 act. For example, the authorized funds for the construction of school facilities amounted to \$25 million. Another \$10 million was to be used for conservation and range-improvement work. Some \$20 million was earmarked for the construction of roads and trails.

Mr. President, in 1947 there were less than 100 miles of all-weather roads in the Navaho country. Yet the reservation area covers more than 25,000 square miles. This critical lack of roads was a serious handicap to the Indian economy and to the health, education, and other activities of the Indian Bureau. It is difficult for most of us to imagine that an area of 16 million acres, about the size of the State of West Virginia, could possibly get along with 100 miles of roadway.

In the years since 1950, the Joint Committee on Navaho-Hopi Administration has, from time to time, held hearings in Washington on the progress of the rehabilitation program. Last November we convened a meeting of the joint committee in Gallup, N. Mex., to hear testimony from Navahos and Hopis on the subject of road construction on the reservations. We also invited representatives of the highway departments of the States of New Mexico, Arizona, and Colorado, as well as Indian Bureau officials to present their problems and comments with respect to highway needs in the area.

I believe I speak for all the members of the joint committee when I say that the one glaring failure under the long-range rehabilitation act has been the road construction program. In the field of education and health, tremendous strides have been made, but the road situation shows relatively little progress. The Commissioner of Indian Affairs, in response to a letter I addressed to him on October 25, 1957, replied, in part, as follows:

The 10-year rehabilitation road program covered 1,200 miles of road considered to be the most important on the reservation. Ten

years ago it was estimated that this 1,200 miles could be improved for \$20 million. Since then industrial development, resource development, and an expansion of the education program indicate a need for 2,500 miles of road.

Due to rising construction costs and higher standards required by an unforeseen increase in traffic volume, the \$14,240,000 which has become available under this program has resulted in the improvement of only 371 miles of road.

The traffic increase has put some of the roads in the original program in a class eligible to Federal-aid secondary funds which are allocated to States. The Bureau has had some success in inducing the States of Utah and New Mexico to take over 104 miles of Indian roads. We are trying to persuade the State of Arizona to take over 150 miles of road between Tuba City and Shiprock on this basis. However, it must be concluded that it has not been possible to keep anywhere near up to the rehabilitation program schedule for road construction with the appropriations that have been made available. A substantial increase in appropriations would be required to make satisfactory progress on this program.

At our November hearing, the Indians indicated strongly that they wanted, at the very minimum, Routes 1 and 3—the main roads crossing the reservation in the north and south—brought up to State secondary road standards. The remaining \$5 million authorization in the 1950 act will not be adequate to do the needed job. Therefore, legislation has been proposed in the House and Senate to increase the authorization for road construction under the existing law.

Mr. President, in view of the promises which the Federal Government made to the two tribes back in 1950, I do not see how we can fail to have the road-building program go forward as originally contemplated. It is for this reason that S. 3468 was introduced. Our record as a Nation in the treatment of the Navahos has not been an enviable one. With only 2 years remaining of the 10-year rehabilitation program, there is no possibility of finishing the road projects on the reservation unless additional authorizations and appropriations are forthcoming.

The economic development of the Navaho country—which includes the four corners area of New Mexico, Arizona, Colorado, and Utah—has been phenomenal in recent years. Oil, gas, and uranium production in this section of the Southwest has progressed beyond the dreams and expectations of anyone a few years back. The only way this development can proceed in the best interest of the Indians is through highway construction. Nothing we can do will be more helpful in opening job opportunities to these Indians, than making the reservations accessible through adequate roads to private enterprise to fully utilize this rich area.

By the enactment of S. 3468 the United States will be living up to its commitments to the Indians. It will authorize an additional \$20 million for contract authority to bring routes 1 and 3 of the Navaho and Hopi reservation up to secondary road standards.

The bill contemplates that the construction program will be fulfilled at the earliest possible time, and I hope that

the Senate will act favorably on the pending measure so that we may proceed in accordance with the intent of Congress as expressed in the 1950 rehabilitation act.

I see in the Chamber the junior Senator from Oregon [Mr. NEUBERGER], who only a few days ago presented to the Senate a bill for the benefit of the Klamath Indians. The Subcommittee on Indian Affairs had worked long, and I think, intelligently, on that problem. I congratulated the Senator from Oregon at that time.

I see in the Chamber, also, the junior Senator from Arizona [Mr. GOLDWATER]. At the hearing which was held in Gallup and at the previous hearing, which was held in Window Rock, the junior Senator from Arizona was present and discussed the road problem with the Navaho Indians. His attendance, I may say, was somewhat indicative of a change which has taken place in the country, because the able Senator from Arizona twice came to the meetings, piloting his own plane, flying in over the Navaho Reservation, and arriving in a matter of a few minutes—perhaps an hour and a half—from his home; whereas only a few years ago several days would have been needed to get to the Navaho Reservation. The Senator from Arizona knows the Navaho country much better than I can ever hope to know it, for he has developed pictures of its natural scenery, conducted a trading post on the very edge of the reservation, and knows the problems of the Navaho Indians very well. I was extremely fortunate in the hearings to have the benefit of his advice and counsel.

Mr. NEUBERGER. Mr. President, I support the proposed legislation. I am not a resident of the Southwest, which is one of the most magnificent and most important sections of the country. However, as chairman of the Subcommittee on Indian Affairs, it has been a privilege for me to work closely with my two friends from the Southwest, the junior Senator from New Mexico [Mr. ANDERSON] and the junior Senator from Arizona [Mr. GOLDWATER], in behalf of a bill which I regard as fully merited.

Because my own State of Oregon contains Indian reservations which are strategic in location and vast in area, I have some appreciation of the serious problems involved in transportation and communication across an Indian reservation which is even larger, in very substantial measure, than any reservation which is located in the vast Pacific Northwest.

Mr. President, the bill, S. 3468, introduced by the able junior Senator from New Mexico [Mr. ANDERSON], amends the Navaho-Hopi Rehabilitation Act of 1950, to increase the authorization for road construction on these two Indian Reservations situated in the States of Arizona, New Mexico, and Utah.

I was not a Member of Congress in 1950, but it is my understanding that the Federal Government embarked upon a long-range program for the improvement of the economic and social welfare of the Navaho and Hopi Indians beginning in 1951. A substantial amount of

money was authorized to be expended over a period of 10 years with which to build schools, medical facilities, conservation works, and roads and trails for these two Indian groups. That program has advanced very well, with one exception, and that exception is in road and trail construction.

Mr. President, we in the Senate are indebted to the able Senator from New Mexico for bringing to our attention the failure of the road program in the Navaho country, under the terms of Public Law 474, 81st Congress.

In November of 1957, the Senator from New Mexico, who is Chairman of the Joint Committee on Navaho-Hopi Indian Administration, and the junior Senator from Arizona [Mr. GOLDWATER], a member of the joint committee, went to Gallup, N. Mex., and held hearings on the subject of road construction on the two reservations.

I emphasize that those are the hearings to which the Senator from New Mexico addressed himself when he described the flying trip made by the Senator from Arizona to be in attendance at that particular hearing. I have had an opportunity to read the testimony which was developed at those hearings, and in my judgment it showed conclusively that the Federal Government was not fulfilling the obligation it had assumed under the long-range Navaho Act to build over 1,000 miles of roads across the reservation. In fact, the record showed that only 371 miles of roadways had been built through fiscal year 1958.

As chairman of the Senate Subcommittee on Indian Affairs, and one who has some knowledge of the vast expanse of Indian country, and particularly of the reservations within my own State, I recognize that the road system now in operation in the Navaho country—the largest Indian reservation in the entire United States consisting of more than 25,000 square miles and 75,000 inhabitants—is completely inadequate.

It is my opinion that if, at the time we enacted the Navaho-Hopi rehabilitation program, we promised the Indians a satisfactory network of roads on the reservation, we should make every attempt to carry out our obligation. If I am not mistaken, the Navahos and Hopis, through their elected representatives, have indicated that they wish to have routes 1 and 3 on the reservation brought up to State secondary standards. The State Highway Commissions of Arizona, New Mexico, Utah, and Colorado also support the Indians in this respect and endorse S. 3468. If this is done, the main arterial roads on the reservation will permit continued economic expansion and development of tribal assets which in turn will promote the standard of living of those Indians who reside in this geographical area.

Mr. President, I wish to lend my wholehearted support to the Senator from New Mexico in behalf of the bill now under consideration. I hope that it will be acted upon expeditiously both by the Senate and by the House, and that the Secretary of the Interior will promptly utilize the additional moneys we are authorizing to build these two essential Indian roads.

As chairman of the Subcommittee on Indian Affairs, it is my opinion that this is one of the most important bills the subcommittee and the Committee on Interior and Insular Affairs will report to the Senate at this session. The bill not only does simple justice to one of the important Indian tribes, which is also one of the largest Indian tribes, but also provides for the legitimate economic expansion and development of transportation in communities in the vast American Southwest.

Mr. GOLDWATER. Mr. President, before the measure is acted upon, I wish to thank the distinguished junior Senator from New Mexico [Mr. ANDERSON] and the distinguished junior Senator from Oregon [Mr. NEUBERGER]. Both Senators have understood this question, whereas in the past it has been difficult to get members of the subcommittee or the full committee to recognize the problems which have plagued the vast Navaho-Hopi Reservations in northern Arizona.

The junior Senator from New Mexico has been particularly diligent in helping to solve this problem. I express the gratitude of the people of Arizona and particularly our Indian friends, the Navahos and the Hopis, for what he has done.

We in Arizona have lived with this problem all our lives. We recognize the shortcomings of the Federal Government in this field. We are speaking about an area in northern Arizona, northwestern New Mexico, and southern Utah which is larger than the State of West Virginia. It embraces 16 million acres. In fact, it is larger than most of the States east of the Mississippi River. Yet it is tucked away and is almost lost in the vastness of our large Western States.

In 1868, when the treaty with the Navahos was signed by Kit Carson, the population of the tribe was about 6,800. We talk about the vanishing American. This is one tribe—the Navahos—which has not vanished. Today the tribe numbers, roughly, 75,000, and by 1975 the population of the tribe is expected to be 100,000. Imagine, Mr. President, that many people on 16 million acres, when the 16 million acres will not support more than 50,000 people—in fact, probably only about 45,000.

Ten years ago, or just after the end of World War II, neither a truck nor an automobile could be seen on the entire reservation, unless it was a truck or an automobile driven by a white man. I have a trading post in a remote portion of that reservation. The last 35 miles of the road to it require me to drive for 2½ hours; and I do not try to drive it at night, because at night it is impossible to see where the road is.

Many sections of the reservation are in a similar situation. For a long time the Indians have been getting along with their old Studebaker wagons and teams, but today there are more and more automobiles on the reservation. That has occurred because of the introduction of lumbering on the New Mexico border, and the construction of schools and hospitals, and, particularly, the development of oil and gas in the Four Corners area, the only place in the

United States where four States come together; they are the States of Arizona, New Mexico, Colorado, and Utah.

At the present time, in view of the pipeline to Los Angeles, and another pipeline which is planned, and in view of the opinion of the oil geologists that this area contains probably the largest remaining undeveloped deposit of oil and gas in the United States, it becomes increasingly important that the bill be enacted, in order to open up this area, not only for the benefit of the Indians, but also to enable American industry to get into it, and in that way to help the Indians.

The bill will do these things for the people who live in this general area. The Navahos have lived there for 400 years; and the Hopis have lived there for 2,500 years. In fact, the village of Oraibi, a Hopi village, is the oldest continuously occupied village on the North American Continent.

The enactment of this bill will do the following things: First, it will bring industry to the Indians; second, it will bring the Indians closer together. These people have always been semi-nomadic; they wander wherever their sheep graze. They have summer homes on the tops of the mesas, where it is cool; and they have winter homes in the bottoms of the canyons, where it is warm. They still live in hogans, which are patterned after the igloo. The problem is to educate them and to provide them with the necessary health facilities. But with the development of roads and the white man's form of transportation, the Indians can be brought together in town groups; and I look forward to the day—as I know my colleague, the Senator from New Mexico, does—when the hogan will be a relic of the past, and when the Indians will live together in communities, as we do.

Mr. President, in conclusion, I wish to express from the bottom of my heart my appreciation for the interest of the Senator from New Mexico in this matter and for his leadership in the committee, in making possible the passage of this bill.

Mr. ANDERSON. Mr. President, it is my hope that the bill will be passed; and then the next bill on the schedule can be called up; and then we can suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The bill is open to amendment.

If there be no amendment to be submitted, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. WATKINS. Mr. President, in examining the bill, I notice that it seems to eliminate the road from Kayenta to the Utah State line, where the Utah State Road Commission has already built a hard-surfaced road. Is that a fact?

Mr. ANDERSON. No; I think not. The Senator from Arizona [Mr. GOLDWATER] is far more familiar with that area than I am; but I can say that two highways—Highway No. 1 and Highway No. 3—stretch across that area of Arizona. The completion of those roads

and their improvement to secondary road standards will not in any way interfere with the road which runs from Kayenta to the Utah State line.

Mr. WATKINS. Does the bill contain an increased authorization for the development to secondary-road standards of the road which now runs from Tuba City through Kayenta and to Shiprock?

Mr. ANDERSON. Yes, it does; it is Highway No. 1. However, the road in which the Senator from Utah is interested is, I am quite sure, one which goes northward from Kayenta.

Mr. WATKINS. Yes; on to Goulding Station and then to Mexican Hat. I am advised by my constituents in Utah that there is already hard-surfaced road from there to the Utah border.

Mr. GOLDWATER. Mr. President, will the Senator from New Mexico yield to me?

Mr. ANDERSON. I yield.

Mr. GOLDWATER. Let me say that the Senator from Utah is correct, in that the State of Utah has partially completed Utah Highway 6 from Moab to Blanding to Mexican Hat, and then to Goulding Station or Goulding's trading post, which is on the Utah-Arizona border. If the Senator will examine the map, he will see that substantial work has been completed or programmed through June 30 on the stretch of road from Kayenta to the border.

Mr. WATKINS. What is the purpose of the bill? Is it to authorize road work which was authorized by the act known as the Rehabilitation Act for the Navahos and Hopis? I refer to the act which became law a number of years ago.

Mr. ANDERSON. These roads in Arizona are State roads. Funds for the completion of the roads were available under the original authorization act. However, according to present standards, the funds available under that authorization act are not nearly sufficient.

This bill will make possible the completion of routes 1 and 3, across Arizona. All the work on the New Mexico side, let me say, has been finished. The bill will make it possible to finish or to bring up to secondary-road standards, these roads in Arizona, and Arizona will then take them over for maintenance purposes. The Navaho Indians will then be able to cross this part of Arizona and the reservation by means of these routes.

In connection with the operation of the school program, it has been impossible to bring the Indian children to the schools. Commissioner Glenn Emmons, who is highly respected by all of us, I am sure, has tried hard to make it possible for the Indian children to attend the schools, but the condition of the roads has not permitted that to be done.

Mr. WATKINS. But from the map it appears that about 19 miles of road between Kayenta and Goulding Station, where the road would enter Utah, is not hard-surfaced road. Many of the Navahos reside in that area and in the area on up into Utah, in San Juan County. They have a health problem which we would like to take care of.

Two years ago I visited there, and held a hearing at Goulding Station; the hearing was in connection with the health situation and the establishment of med-

ical centers, clinics, and possibly a hospital somewhere in the area. They are made necessary because of the absence of roads over which the Indians can travel to Shiprock, where a larger hospital was being built.

Mr. GOLDWATER. The road from Kayenta to the Utah border has for many years—although it has not been a hard-surfaced road—been easily passable at all times, except during the snow season. That portion has already received funds, and substantial work has been done on it this year. The program of the Bureau of Indian Affairs is, as I understand, to complete the road, under the 1959 budget.

The problem of getting the Indians to the hospital when they want to go there is now solved by the hospital at Kayenta, which they can reach much more easily than the one at Shiprock.

To go from Kayenta to Mexican Hat has long been relatively easy. But to go from Kayenta to Dennehotso and Teec Nos Pas, and to Shiprock involves the use of a trail that is practically impassable, and no one of good judgment would try to drive over it at night, because it is bare rock, and one could not find it in the dark.

So we are dealing with one road which, in effect, is a good road, when viewed from western desert standards.

Another road that the Senator from New Mexico [Mr. ANDERSON] and I are interested in, and which for all practical purposes is only a trail, must be opened in order to provide access to the Four Corners area.

Mr. WATKINS. I have no objection to having that done; in fact, I am ready to support the construction of the road in that direction. But I wonder why the road for 19 miles from Kayenta to Goulding Station is not included under the provisions of this bill.

Mr. ANDERSON. I can only say to the able Senator from Utah that when the hearing was held at Gallup, representatives of the Navaho and Hopi Indians were there, and they were asked to indicate the program they were not able to accomplish with their present funds. The Indian Bureau road representatives were all there. They designated Highway No. 1 and Highway No. 3, because the road that leads to Mexican Hat can be provided for out of existing construction funds. The Indian Bureau authorities have promised to do it.

Mr. WATKINS. Is there anything in writing to indicate they are willing to do so? Information coming to me through that hearing was it was absolutely essential to have the highway system. While it may not be of the highest standards, the State of Utah has been building a hard-surface road. It seems to me the other road ought to connect with that road. It should not be too hard to complete construction on a 19-mile section. It seems to me if money is being provided, enough should be provided to complete that section.

Mr. GOLDWATER. If the Senator from New Mexico will yield, I wish to say to the Senator from Utah that such a plan is in writing and is in the written plans of the Navaho Roadbuilding Division. The moneys which are available

are not going to be diverted from the Kayenta-Goulding Road. In all probability, the building of this entire road will result in more money being spent on the road in which the Senator is interested. That road is now in excellent, passable condition, I may say. It is a dirt road, it is true, but it is safe to drive on it. It is satisfactory until it reaches near the San Juan River, and that is in Utah.

Mr. WATKINS. That portion has already been taken care of.

Mr. GOLDWATER. The portion the Senator is talking about has been taken care of. Some of the money which has been made available for all the roads will be used to build that short length of road.

Mr. WATKINS. In other words, the money will be used for the principal highways?

Mr. ANDERSON. For the two principal highways.

Mr. WATKINS. Were they not covered by the original authorization?

Mr. ANDERSON. Yes; they were covered by the original authorization, but it was not sufficient to complete the 1,200 miles of road on the reservation. The 1,200 miles has since grown to be 2,000 miles, and the actual construction involves something like 370 miles. What we hoped to do was, by having a meeting with the highway officials of the States of Colorado, Utah, Arizona, and New Mexico, to decide whether, if we took the expense of the two main roads off the backs of the Indians and provided money to the highway commission, the Indian Bureau would be able to take care of the other roads with the money they regularly get, but which is not sufficient to complete the north and south roads. I believe there is enough money in the appropriation commitment to take care of the other roads if we can relieve the Indian Bureau from spending so much of authorized funds on Highways 1 and 3.

Mr. WATKINS. The road from Mexican Hat to Goulding Station has been hard surfaced.

Mr. ANDERSON. By Utah.

Mr. WATKINS. All we want is 19 miles from Kayenta to Goulding.

Mr. ANDERSON. I may say, in addition to what has been said, that if Highway 1 and Highway 3 are eliminated from the program, that the money can be spent on the north and south roads, the Senator will not have to worry about the completion of the road. I do not know whether that is in writing, but the Senator from Arizona was present.

Mr. WATKINS. That present authorization is in addition to the authorization previously made for the \$88 million program for education and general rehabilitation of the Navaho and the Hopi Indians, is it not?

Mr. ANDERSON. The Senator is correct.

Mr. WATKINS. This authorization will not take away from that general program money which would otherwise go to the finishing of the highway to Goulding from Kayenta, will it?

Mr. ANDERSON. No.

Mr. WATKINS. I think the Senator from Arizona and the Senator from

Mexico can see that, in the interest of the Indians, that road should be completed. Sometimes there are rains and floods, and, since the drainage is not too good, the road can become impassable. That road should be made passable. Since Utah has developed the highway to that particular point, I do not think that 19-mile stretch should be neglected. I want to be sure it will not be.

Mr. ANDERSON. I will say to the Senator, as chairman of the Joint Navaho-Hopi Committee, that I will make it my personal business to see that it is not neglected. Pledges have been made. I know the Senator from Arizona will make it his personal business to see that it is not neglected.

Mr. GOLDWATER. I remind the Senator it was the opinion of the highway departments, plus the Indian Bureau, that at the present rate of building, incident to the present rate of appropriating money, it would take about 15 years to build the two roads to the required standards. The highway department has agreed to take over the maintenance of the roads when they are completed. I can assure the Senator it will mean a faster completion of the road in which the Senator from Utah is interested, and there will also be assurance that the road will be maintained, which is something we have not been able to be assured of, with the small amount of money we have been able to provide.

Mr. WATKINS. It is a matter of appropriation to complete the road.

Mr. ANDERSON. The Senator is correct.

Mr. WATKINS. Does either the Senator from New Mexico or the Senator from Arizona know whether there is money in the budget this year for it?

Mr. ANDERSON. Yes; I know there are several million dollars. The Chairman of the Appropriations Committee, the Senator from Arizona [Mr. HAYDEN], this year had an additional sum of money provided for Indian roads. Referring to the map, if this particular road were completed, it would make much more feasible the completion of the road going in the direction of Mexican Hat.

Mr. WATKINS. I assume that the Senator from New Mexico believes and assures me that the 19-mile stretch will be completed as rapidly as possible.

Mr. ANDERSON. I give the Senator that assurance.

Mr. WATKINS. And that it will have priority over other roads which might be thought of in the meantime?

Mr. ANDERSON. I give the Senator that assurance.

Mr. WATKINS. I know what happens to roads unless one stays on the job and sees that appropriations are made for their construction. We do not want to overlook completing that road, when we have constructed one part of it to the Arizona-Utah border. The road will benefit not only the Indians in that area, but also tourists and those working in the oil fields and uranium mines. Many of the latter are Indians, as I found out in my visit to this area.

If I can have the assurance that this important link will be finished, I will feel better about the road situation.

I compliment the two Senators for their interest in the Navaho roads, because that matter has been one of the serious drawbacks with respect to the development of the Navaho Indians.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the first section of the act entitled "An act to promote the rehabilitation of the Navaho and Hopi Tribes of Indians and a better utilization of the resources of the Navaho and Hopi Indian Reservations, and for other purposes," approved April 19, 1950 (64 Stat. 44), is amended (1) by striking out "88,570,000" and inserting in lieu thereof "108,570,000"; (2) by amending clause (7) of such section to read as follows: "(7) Roads and trails, \$40 million; of which not less than \$20 million shall be (A) available for contract authority for such construction and improvement of the roads designated as route 1 and route 3 on the Navaho and Hopi Indian Reservations as may be necessary to bring the portion of such roads located in any State up to at least the secondary road standards in effect in such State, and (B) in addition to any amounts expended on such roads under the \$20 million authorization provided under this clause prior to amendment." *Provided,* That such contract authority and such appropriations authorized by this amendment shall be in addition to sums apportioned to Indian reservations or to the State of Arizona under the Federal Highway Act, as amended and supplemented (70 Stat. 374).

REIMBURSEMENT OF OWNERS OF CERTAIN LANDS

Mr. ANDERSON. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1545, H. R. 6940.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H. R. 6940) to authorize the Secretary of the Interior to reimburse owners of lands acquired for developments under his jurisdiction for their moving expenses, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. ANDERSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ANDERSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

WHY A MAJOR TAX CUT MUST NOT BE FURTHER POSTPONED

Mr. DOUGLAS. Mr. President, we are now in a very serious economic recession. It is deeper and more serious than either

one of the other two postwar recessions. Further, less has been done by the administration to stop it or to try to turn it around than was done either by the executive branch of the Federal Government during the 1948-49 recession, or by the present administration itself during the 1953-54 recession.

Some will say that such dour statements about the seriousness of the recession are merely those of confirmed prophets of gloom and doom. But this truth can be shown by objective facts which even the most blatant optimists cannot deny.

What are these objective facts? We should look mainly at three important areas of economic activity, namely, the index of industrial production, the unemployment figures, and business plans for investment or plant and equipment expenditures.

THE BIG DROP IN THE INDEX OF INDUSTRIAL PRODUCTION

Let us look first at the index of industrial production which is issued monthly by the Federal Reserve Board. Last August, the index stood at 145. The figure for April, which has recently been announced, is at 126, or 19 points below that of August. This is a drop of over 13 percent in 8 months, or an average of a little more than 2 points and 1½ percent per month, or by about 20 percent. This is a bigger drop in this index than occurred in either of the other two postwar recessions and indicates that there is a most serious and dangerous situation.

The huge decline in industrial production, the operation of the steel industry at below 50 percent of capacity, the great decline in auto sales and production, and the falling off of carloadings and other less general indicators are causes for very serious concern and should have led to far more vigorous action much before this very late date.

THE GREAT RISE IN UNEMPLOYMENT

Let us now turn to the unemployment figures. The latest figures show that in April there were 5.1 million people in the United States who were fully unemployed. In addition, those who were working only part time were the equivalent of another 1.3 million fully unemployed persons, for 2 men who each work only half-time are the same as 1 man fully unemployed. When I speak about part-time workers, I refer to the involuntary part-time workers. The figure of 6.4 million is 11.2 percent of the 57 million people in this country who either work at wages and salaries or who are seeking such work.

The figure of 5.1 million fully unemployed compares with only 2.6 million fully unemployed at the beginning of the recession in August of 1957. We have had, therefore, virtually a doubling of the number of people in this country who are fully unemployed, and when the part-time workers are included, unemployment has risen by almost 150 percent.

I have watched with great interest the interpretation which this administration has placed on the unemployment figures month by month. One must have a good

understanding of the seasonal characteristics of the unemployment figures in order to interpret them with any degree of accuracy. I noted that in the period from January to February, when in 1 month the unemployment figures rose by almost 700,000, the administration pointed out that this great increase was due in large part to (1) the weather, and (2) the fact that there is always a sharp rise in unemployment in the months following the Christmas season. They were correct about this in only small part, for when the figures were seasonally adjusted, there was still an increase of from 5.8 to 6.7 percent in total unemployment of the civilian labor force. This was a very large increase indeed. However, the point is that the administration deliberately minimized this very great increase and pointed to the seasonal factors as mitigating forces.

During the last 2 months, the total number of unemployed has not risen and, in fact, has fallen somewhat in the period from March to April. However, this is a time of year when there should be a very large drop in the numbers of unemployed because of the beginning of farm work, outside work, and construction work due to improved weather conditions. But instead of the normal decrease in unemployment of around 400,000 in this period, we have seen an actual increase in the March figures and only a very slight decrease in the April figures. Yet the administration, aided by the willingness of many papers to print their publicity handouts without analysis, tried to give the impression that conditions had greatly improved. However, when the figures were analyzed by the experts, the financial columnists, and the working press, it was soon seen that this was not true and that unemployment, as a percent of the civilian labor force, when seasonally adjusted, rose from 6.7 to 7 percent in the February-March period and from 7 to 7.5 percent in the March-April period. In other words, in the last 2 months unemployment has continued to rise at virtually the same monthly rate it has risen since the beginning of the recession.

Nevertheless, in this period, the spokesmen for the administration have pointed to the actual figures and avoided comment on the seasonally adjusted figures. Month by month, they have always placed the best possible interpretation on these figures. Furthermore, even beyond this, when one looks at the figures for manufacturing employment and excludes the agriculture, mining, construction, wholesale, and retail trade figures—in other words, the nonmanufacturing figures—one sees that in manufacturing there has been an average decrease in employment since August of 1957 of approximately 300,000 per month and that in manufacturing it is not only the seasonally adjusted figures which have declined month by month, but the absolute numbers employed also have actually declined even in those months when because of seasonal factors there should have been a considerable increase in employment and a corresponding decrease in unemployment.

Nor am I impressed by the recent decline in the numbers receiving unemployment benefits. The chief cause for this is that the major proportion of these, or about 50,000 a week, are exhausting their claims for benefits. They are still unemployed but are no longer partially protected by unemployment insurance.

BUSINESS PLANS FOR INVESTMENT

Mr. President, the principal reason why this recession is potentially more dangerous than either the 1948-49 recession or the 1953-54 recession is that this one appears to be a classical capital-goods recession, whereas the other two postwar recessions were largely inventory recessions. The difference is that in a capital-goods recession business fails to invest in plant and equipment, downward cumulative forces are set in motion, and once these forces are set in motion, they tend to progress more in geometric than in merely arithmetic proportions. Small changes in investment potentially can lead to very great changes in the overall economy, particularly in income and employment.

Therefore, when we see what has happened to business plans for new plant and equipment, there is every reason to view the present situation as a dangerous one. Let me make it clear that I do not predict that we will have a depression, but the possibilities of such an event are much greater than they should be and it is foolish for us to continue to take such great risks when it is not necessary to do so.

In the third quarter of 1957, business expenditures for plant and equipment were at an annual rate of \$37,750,000,000 a year. In the second quarter of 1958, the estimates of this figure had fallen by \$5.2 billion, or 13 percent, or to a figure of \$32,550,000,000. These figures were released by the Securities and Exchange Commission and the Commerce Department jointly in March and there is every indication that this figure of 13 percent is much smaller than the decline which will in fact occur. The Securities and Exchange Commission stated when it released these figures on March 14:

The survey indicates that the decline in plant and equipment expenditures, which begin with the fourth quarter of 1957, will continue into the second half of 1958.

The Commerce-SEC figures for capital expenditures in manufacturing industries show an even greater decline. They dropped from \$16,370,000,000 in the third quarter of 1957 to \$13,230,000,000 in the second quarter of 1958, or by \$3.14 billion, or 19 percent.

The other main source for information on business plans for capital expenditures is the McGraw Hill survey. Because of some difference in classification, their figures are not directly comparable to the Commerce-SEC figures. The latest McGraw Hill figures, which were released in April 1958, indicate that there will be a drop of 18 percent in capital spending by manufacturing companies between 1957 and 1958 and that the preliminary plans for 1959 indicate that manufacturing businesses will then be investing 33 percent less than in 1957.

This is a fall of one-third. Furthermore, this survey indicates that the 1959 level of investment for manufacturing firms will continue into 1960 and 1961 if the present plans of manufacturing industries are carried out.

We are all aware of the press comments about the annual meeting of the stockholders of the Pennsylvania Railroad, held a few days ago, when the president of the Pennsylvania announced that virtually all capital expenditures by the railroad have been discontinued.

Declines in expenditures for new plant and equipment of these magnitudes must be viewed very seriously and their potential effect on the economy must not be underestimated.

The danger is that these declines will snowball or avalanche and that once these cumulative forces of decline gather force and momentum, it may be almost impossible to stop them and to turn them around. That is why it is so important that we act, that we act now, and that we act decisively. The time to wait and see has ended—indeed, it ended sometime ago.

OTHER ECONOMIC INDICATORS

Production, employment, and investment are the most important indicators of economic activity and one should not place too much emphasis on any other single economic factor in the economy, except in the context of these three most important indicators of activity. However, we should realize that most of the other indicators have declined also. The gross national product was at a seasonally adjusted annual rate of \$440 billion in the third quarter of 1957, but had fallen to a level of \$422 billion in the first quarter of 1958, or a drop of \$18 billion. The level of gross national product needed to provide no more than 4 percent unemployment in 1958 would be \$460 billion, so the level of gross national product is something like \$40 billion short of where it should be.

Corporate profits dropped from a rate of \$41.8 billion in the third quarter of 1957 to \$36 billion in the fourth quarter. The best estimates that I have seen are that they were roughly at a \$30 to \$31 billion rate in the first quarter of 1958 and will be somewhat near or below \$30 billion when the figures for the second quarter of 1958 become available. This is a drop of one-fourth in the corporate profits. If that rate prevails through the fiscal year 1958-59, it will mean a decrease in corporate income taxes to the Federal Government or approximately \$5 billion.

Personal income has dropped from \$347.3 billion in August of 1957 to \$341.4 billion in March of 1958. Other indicators show similar changes. The steel industry has been operating at slightly below 50 percent of capacity, and the automobile industry now appears to be producing at a level of about 4.2 million cars for calendar 1958, as compared with their estimate last fall of a 6.7-million-car year in 1958 and an actual 1957 production of 6.1 million.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIER. I wish to comment on the Senator's speech as he goes along. I have read it. It is a superb speech. It is extremely important and very timely. As I understand, the Senator has completed his analysis. It is a very conservative analysis. The Senator has been very careful not to put his remarks into a context which would overstate his case.

Since all of us recognize that our economy has been declining, and that capital investments, according to the Senator's figures, are expected to decline by 33 1/3 percent, at a time when the Soviet Union is enormously expanding her economy, in view of the Rockefeller report, prepared by able, responsible businessmen, and in view of the fact economists say that our economy should be growing at the rate of 5 percent a year, when we put the Senator's analysis into that context, it seems to me we should realize how extremely damaging are the recession and the economic condition in which we find ourselves.

Mr. DOUGLAS. I thank the Senator from Wisconsin. The same comment was made in somewhat more diplomatic language by Mr. Allen Dulles, the head of the Central Intelligence Agency, in a speech which he delivered some days ago. I only wish that the Director of the Central Intelligence Agency could get across the import of some of the intelligence which he has gathered and developed on this subject to the mind of the Chief of State of the Government.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. First, I join with the Senator from Wisconsin in commending the Senator from Illinois for his statement. It is not unusual for the Senator from Illinois to give to the Senate one of the most comprehensive studies of economic problems which we are ever privileged to hear. All of us are grateful for it.

I have in my hand an article published in the Wall Street Journal of May 14, 1958. The headline reads:

Gross National Product Declines \$10.6 Billion In First Quarter. Adjusted Annual Rate At \$422 Billion. Further Dip Is Expected In Second Period.

I do not recall whether the Senator's figures indicated a dip quite so low as that.

Mr. DOUGLAS. Yes.

Mr. HUMPHREY. Is the Senator's figure the same as this?

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. This would be considered to be a reasonably conservative estimate; would it not?

Mr. DOUGLAS. Yes. But we both draw that from the monthly publication Economic Indicators, and the reference here is to page 2 of Economic Indicators for April. The Department of Commerce has revised downward the first quarter 1958 figure of \$424 billion to \$422 billion.

Mr. HUMPHREY. So we are now seeing a decline of about 4 percent. Is that about correct?

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. That represents a drop of approximately \$18 billion, at the annual rate, since the beginning of the third quarter of last year; does it not?

Mr. DOUGLAS. That is correct. Probably, as the Senator from Minnesota has said, it is at a lower rate today, because we are now half way through the second quarter and it was falling during the entire first quarter, and the figure of \$442 billion was an average for the period.

Mr. HUMPHREY. What I am concerned about is that of late there has been talk to the effect that the recession is sort of leveling off. This talk has been interpreted as indicating a constructive and desirable set of circumstances, when, in fact, a leveling off of the recession could draw, at the present rate, \$18 billion a year from our gross national product.

Mr. DOUGLAS. Below what it was last summer.

Mr. HUMPHREY. Yes.

Mr. DOUGLAS. Whereas, normally, there should have been a growth factor.

Mr. HUMPHREY. That point needs to be further emphasized. All the talk of leveling off and stability ignores what one would expect to be the normal growth factor. What does the Senator from Illinois consider to be the normal growth factor in a normal, healthy economy?

Mr. DOUGLAS. At least 3 percent a year. Probably a much better rate is from 4 to 5 percent. But a 3-percent rate should be the minimum. So we should be producing at the rate of well in excess of \$450 billion a year; and in order to cut the unemployment figures to 4 percent the figure should be at an annual rate of \$460 billion a year for 1958.

Mr. HUMPHREY. If the decline of 4 percent represents a drop of \$18 billion a year at the annual rate, and if then we lose another 3 or 4 percent in the growth factor, instead of losing \$18 billion a year, it is fair to say that we will be losing between \$30 billion and \$40 billion.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. So when we study these figures, we find that not only is there a loss from the static position, but also that the loss from what we should expect as a position of progress in the economy is at the rate of between \$30 billion and \$40 billion a year, unless something shall be done to stimulate the economy.

Mr. DOUGLAS. That is correct. As the Senator from Wisconsin has pointed out, unfortunately the Soviet economy is expanding at a rate faster than 3 percent. So they have been gaining on us not only relatively, but absolutely.

Mr. HUMPHREY. Last year the Soviet economy gained at the rate of 11 percent.

Mr. DOUGLAS. Yes; that is what is said.

Mr. HUMPHREY. I hold in my hand a copy of the address delivered by Mr. Allen Dulles. I certainly agree with what the Senator from Illinois has said; namely, that although such growth is needed, the provocation and thoughtful speech, which is jam-packed with valuable information, but which apparently

was listened to much more attentively by the Chamber of Commerce of the United States than it has been by the administration—

Mr. DOUGLAS. I believe this is another illustration of information supplied by the Central Intelligence Agency either not being communicated to the White House or not being absorbed by the White House.

Mr. HUMPHREY. Let me say that I regret that at this time I must leave the Chamber, to attend a hearing before the Foreign Relations Committee, which will ascertain from the Central Intelligence Agency what reports it gave to the executive branch officials on the Latin-American situation prior to the Vice President's trip to Latin-America. But before I leave the Chamber, let me say to my good friend the Senator from Illinois that if at any time in the course of his remarks he can find a place for the comments on these matters which were published in the Wall Street Journal, or if he wishes to use Mr. Dulles' speech, I shall turn them over to him.

Mr. DOUGLAS. I should be glad to yield to the Senator from Minnesota so he may have them printed in the Record, following my remarks.

Mr. HUMPHREY. Mr. President, I prefer to add only that Mr. Dulles said what the Senator from Illinois has been saying time after time, during the past 3 months, although not a sufficient number of people have been listening to him. Mr. Dulles said:

A recession is an expensive luxury. Its effects are not confined to our own shores. Soviet propagandists have had a field day in recent months, pounding away at American free enterprise. * * *

Our economy is giving the Communists a propaganda target as damaging, and, I trust, as transitory as their own sputniks.

I repeat that week after week, and month after month, and, in fact, for year after year, the Senator from Illinois has stood on this floor and has told the American people this; and I hope that before it is too late, someone will give heed to what he has been saying.

Mr. DOUGLAS. I thank the Senator from Minnesota.

Mr. NEUBERGER. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. MORRIS in the chair). Does the Senator from Illinois yield to the Senator from Oregon?

Mr. DOUGLAS. I yield.

Mr. NEUBERGER. I have been listening to the debate which has been occurring between the Senator from Illinois and a number of our colleagues. I have done so with profit to myself. I always listen to what the Senator from Illinois has to say, because he is so much better informed on economic subjects than I am and he has so much more knowledge than I possess.

However, I have observed that economics is not an exact science. Recently, I have been reviewing some of the predictions which were made at the end of World War II. Many of the economics specialists then prophesied that 8 million or 10 million Americans would

be unemployed within a few months after the war ended. However, we know that, fortunately, they were wrong.

The so-called conservative economists said at that time, that if only the OPA price controls were removed, and if the law of supply and demand were permitted to operate, all consumer prices would drop instantaneously. However, the opposite has been the case; prices have been rising ever since the OPA was ended. I believe it is apparent that the OPA should have been retained and price controls should have been continued.

Mr. DOUGLAS. That is correct.

Mr. NEUBERGER. I think the Senator from Illinois is absolutely correct when he emphasizes the great danger to the country and to the rest of the Free World from the drop in our own economy and the ominous rise in the Soviet economy.

But at the same time, each of us knows—and no one has emphasized this more than has the Senator from Illinois—that our country has great needs in terms of increased public spending. The United States is far behind in its programs for schools, conservation of natural resources, development of college scholarships, urban renewal, public housing, highways and roads, the development of harbors, and so forth. I could enumerate for many hours the programs which require attention.

Today, far too little is spent on research in the fields of cancer, neurology, blindness, and heart disease, and for matching funds under the Hill-Burton hospital program.

I am worried about the situation. At a time when our country is in need of great governmental programs, and when already we are committing ourselves to increased public spending—although far too little—is it wise to have a huge, across-the-board decrease in governmental revenues?

Mr. DOUGLAS. That is a very good question. I shall deal with it at some length, later in my remarks. But to begin with, I wish to say that I am in favor of many of the programs the Senator from Oregon has mentioned. However, the most costly loss we have at the present time occurs because of the recession, and our greatest internal danger is that it will develop into a depression.

As antirecession devices, most of the forms of public works the Senator from Oregon has mentioned would be so slow in their operation that they would not take effect for 1, 2, or 3 years; and by that time, so far as their use as antirecession devices is concerned, they would no longer be needed or it would be too late for them to have any beneficial effect.

So I favor them as long-term programs and an increase in them now; but I suggest that the best way to proceed now is to increase the national income once again to a high figure. Then, as the economy grows, the expenditures for these purposes can also grow, since governmental revenues will grow.

Mr. NEUBERGER. The able Senator from Illinois has just referred to a sec-

ond question which I desire to address to him. Let me say that I have been reading the manuscript of his outstanding speech; and I use the adjective "outstanding" as a very modest description of his able address, and I say that in the utmost sincerity.

Mr. DOUGLAS. I thank the Senator from Oregon.

Mr. NEUBERGER. I also have heard the Senator from Illinois speak on this subject on other occasions.

In his manuscript and in other able public addresses he has delivered, he makes the contention—and it is only a contention, and certainly is not definite, any more than disagreement with it can be definite—that by having a \$6 billion tax cut, the so-called multiplier effect will occur, and therefore, as a result, approximately \$18 billion may be added to the Nation's economy.

If that is true, why confine the tax cut to only \$6 billion? Why not make it \$20 billion, and thus add \$60 billion to the gross national product?

I wish to emphasize that I am very ignorant of economics, as compared to the Senator from Illinois.

Mr. DOUGLAS. I shall merely say that we would need an increase of only \$40 billion to reach a state of comparatively full economy, with only 4 percent of unemployment. If we were to go beyond that, we would likely have inflation. Furthermore, I am not one who believes that the Government should do everything. I believe the Government should give the public assurance that it is determined to prevent the recession from becoming worse, and should help the economy to go forward. But if the people once feel that assurance, then I believe they will begin to spend.

So I do not say the Government should do all of it, and I do not believe it will do all of it. But I say the Government should do much more than it has done.

Mr. NEUBERGER. Is not this recession what the Senator from Illinois would call a durable-goods recession?

Mr. DOUGLAS. Yes.

Mr. NEUBERGER. In other words, the people are not buying enough heavy equipment, such as automobiles, appliances, and so forth. Is not that substantially what the situation seems to be?

Mr. DOUGLAS. The recession is most marked in those industries.

Mr. NEUBERGER. After all, as I understand the matter, consumer spending, per se, is still relatively high. Is that correct?

Mr. DOUGLAS. That is true in the case of the so-called soft goods, although spending in those categories is beginning to fall off.

Mr. NEUBERGER. As I understand, the profits of some of the food chain-stores are higher than ever.

Mr. DOUGLAS. I have not examined the figures in that connection, but that is quite possible.

Mr. NEUBERGER. And in certain areas, which we all regret—I refer to the cigarette industry—the earnings of some of the tobacco companies are extremely high, even when compared with their earnings for last year, although

the profits of the so-called capital goods companies are declining.

Mr. DOUGLAS. Yes; I believe that is true.

Mr. NEUBERGER. This is what I should like to know about the proposed tax cut: What assurance can there be, if the \$6 billion tax cut should be put into effect, that people will spend it for automobiles, refrigerators, and goods of that kind, rather than spend it for more of the soft goods?

Mr. DOUGLAS. In the first place, the tax cut proposals, which the Senator from Illinois will explain in a few minutes, amounting to about \$6 billion a year, or roughly a little more than \$100 a year for each family, would result in a very appreciable increase in income, and the tax cut could even be concentrated primarily in the next 6 months. In the past we have found that additional personal income does lead to an increase in demand for automobiles and consumer durables. It is this particular slight increase in income which will frequently turn the margin, although I am one who believes the automobile industry should cut its prices. In fact, in the past 2 weeks I offered to the automobile industry a larger reduction in their excise tax if they would reduce prices of automobiles.

Mr. NEUBERGER. But \$100 a year is only \$2 a week more per family.

Mr. DOUGLAS. That is true, but 60 million taxpayers are involved. That is the point. It would have a tremendous effect.

Mr. NEUBERGER. What family will be encouraged to buy an automobile by having a \$2 a week tax reduction?

Mr. DOUGLAS. Many families will find it is that slight difference which tips the scale, because there is always a nice calculation that comes into the picture. If the thesis of the Senator from Oregon were correct, we should not expect much of an improvement from a 3-percent increase in the living conditions of the American people. Yet the 2- or 3-percent increase in real capital earnings, which has been going on for some time, is translated into increased demand, and in many cases a certain percentage of the increased demand is for durable goods.

There is one other point which I wish to mention. I shall talk about the multiplier in greater detail later, but there is also an economic principle known as the accelerator, namely, that a slight increase in the demand for consumer goods will tend to cause a greater increase in demand for capital goods. A demand for machinery is a derivative of the demand for consumer goods. Once the demand for consumer goods begins to pick up and begins to get near capacity, then industry will order more machines, and that demand will translate itself through the whole system.

Mr. NEUBERGER. I trust that the Senator from Illinois does not mind my asking these questions.

Mr. DOUGLAS. No. They are important questions. It is very important that they be discussed frankly and fully. I welcome the questions. They are inherent in the nature of the proposal. I am not so sure I have sufficient intellect

to give clear answers, but I am doing the best I can.

Mr. NEUBERGER. The Senator from Illinois is quite talented and skillful in answering the questions.

The Senator from Wyoming [Mr. O'MAHONEY] pointed out in a recent article in the New York Times magazine that consumers already owe between \$15 billion and \$16 billion on cars. I wonder how much they are going to be encouraged to buy more cars with the comparatively modest tax reductions for each family the Senator from Illinois proposes. Is it not possible that the automobile market has been saturated? After all, I think it is a disturbing thing that the whole national economy now seems to rest on the sale of huge, overpowered, overpriced automobiles.

Mr. DOUGLAS. I myself do not like them.

Mr. NEUBERGER. Could it not be the automobile industry has miscalculated the present taste of the American consumer? I noticed last year, for example, that while the sale of cars was declining, the sale of outboard motors, home swimming pools, high-fi sets, and portable television sets was increasing. Perhaps the tastes of our people have changed. I wonder if the fiscal structure of the United States Government and the economy of the country ought to be revised because this overgrown industry is perhaps making a basic miscalculation?

Mr. DOUGLAS. I am not proposing to do that, but I am saying that a part of the trouble is a decline in production and employment and income; that a total increase in income will lead to an increase in total demand; that an increase in total demand will lead to an increase in production, and that an increase in production will lead to an increase in employment, which will in turn lead to a further increase in demand, and that cumulative processes of a constructive nature will be set in motion.

Mr. NEUBERGER. I should like to say a further word in conclusion. I am openminded about the question. That is one reason why I have come to listen to a considerable portion of the address of the Senator from Illinois. But I have one basic fundamental, underlying feeling about this question, and it has dominated such thinking processes as I have.

Mr. DOUGLAS. The Senator from Oregon is a very able Senator, and he need not be modest about his intellectual qualifications.

Mr. NEUBERGER. The Senator from Illinois is very kind, but I have this basic attitude toward the question of a general, across-the-board tax cut: I am aware of the fact that never have our governmental needs been so great as they are today. When we consider that our potential foes in the Soviet Union have thrust into outer space a satellite weighing nearly 2,000 pounds, and that our maximum traveler in that mysterious area weighs 31 pounds, and evaluating what that fact probably means in terms of increased national defense expenditures, I wonder if we can contemplate at all any great reduction in overall gov-

ernmental revenues? It is said that only the seventh son of a seventh son can prophesy, and I am no prophet, but I daresay most of the Senators on this floor, with a little luck in their health, will live to see the time when Federal taxes will be, not lower than they are today, but probably higher.

Mr. DOUGLAS. The Senator means in the overall amount, not in the rates, does he not?

Mr. NEUBERGER. I mean in the income which is paid to our Government.

Mr. DOUGLAS. A greater revenue could come to the Government with no higher rates in effect, if the economy grew.

Mr. NEUBERGER. The Senator from Illinois has suggested that by reducing taxes it will be possible to increase our gross national product and, therefore, to have a very little total diminution of governmental revenues. Is that correct?

Mr. DOUGLAS. That is correct.

Mr. NEUBERGER. I hope he is correct. It would be a comforting thought to feel he is correct. Probably the Senator from Illinois has a great deal more knowledge and information and facts on which to base his opinion than I have on which to base my opinion; but I do not want to interrupt him further. I wish to conclude my already too numerous interruptions of the discussion of this important subject, by saying I will listen further with interest. But again I pose this one burning question: How greatly can we afford to decrease the overall basic revenues of our Government in view of the ever-increasing burdens it must bear, not only at home, but virtually all over the world?

Mr. DOUGLAS. I shall answer that question by asking the Senator another question. To what degree can we afford a recession which is already costing us \$20 billion a year, and which, if continued, may cause a loss of \$40 billion or \$60 billion a year?

The Senator from Oregon is worried about many things. I am sure the Senator is worried about this item, also. However, I wish he would put his last worry in the foreground of his attention, rather than in the background.

Mr. NEUBERGER. It is possible, is it not, that the prescription for a tax cut is not the exact remedy for the present recession?

Mr. DOUGLAS. Yes, it is possible. I do not pretend to know it all. I merely submit that this approach seems to be a most logical one.

Mr. NEUBERGER. I certainly do not pretend to know it all. I am simply seeking information. I am gratified to have the information I have received on the floor today.

Mr. DOUGLAS. I am grateful to the Senator from Oregon for his questions, which are profound questions and need to be considered.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Wisconsin.

Mr. PROXMIRE. I should like to make a quick observation to the Senator from Oregon.

First, it seems to me that a part of the answer to the question of the Senator from Oregon, which is certainly implicit and explicit in the splendid speech being made by the Senator from Illinois, is that the personal tax cut is to be a temporary tax cut.

Mr. DOUGLAS. The Senator is correct.

Mr. PROXMIRE. It will expire in July of next year. It is a 1-year tax reduction.

Mr. DOUGLAS. The Senator is correct.

Mr. PROXMIRE. As the Senator from Illinois has said, it will take at least a year for the public-works program, which the Senator from Oregon so eloquently spoke of, to get under way. Meanwhile, we shall have idle resources and idle men, which is the most unforgivable, complete waste in the world. The measures proposed by the Senator from Illinois would help to put those idle men and idle resources to work.

In the second place, the Senator from Oregon has repeatedly suggested that a \$2-a-week-per-family tax cut will not help much to promote the sale of automobiles. I might make the statement that, as is shown by the speech, if certain proposals affecting automobiles were fully put into effect, the net result could be a reduction in price as much as 13½ percent per automobile.

With respect to a \$2,000 automobile, such a reduction would represent approximately \$260. With respect to a \$3,000 automobile, the reduction would be about \$390, which would be a very substantial price reduction, and exactly the kind of reduction which could easily bring about sales of automobiles in volume.

Mr. NEUBERGER. Mr. President, will the Senator from Wisconsin yield to me, with the permission of the Senator from Illinois?

Mr. DOUGLAS. I am happy to yield for that purpose.

Mr. NEUBERGER. There are several things in which I am interested, with respect to the remarks made by the Senator from Wisconsin.

If the tax cut proposed represents such a specific remedy for the recession, I am curious to know why some of the States in which the recession is most heavily localized have not cut their taxes. After all, such tax cuts by the States would put money in the pockets of the people. My own State of Oregon, which is heavily hit by the recession, last June had a special session of the legislature to reduce taxes.

Mr. PROXMIRE. I am delighted to answer that question of the Senator from Oregon.

So far as the State of Wisconsin is concerned, it is impossible to do that, since we have a constitutional limitation on the debt which may be incurred. We can only borrow up to \$100,000, which is almost nothing. Thanks to the fact that we have a Republican administration, and have had a Republican administration for the past 20 years, we are in very difficult straits. We simply

cannot reduce taxes. Many of the other States face the same situation.

Mr. NEUBERGER. The State of Oregon did substantially reduce the State income tax. I regret to say that as of the present there has not been any contrast in the economic situation confronting the State of Oregon as compared with that of the other States of the Pacific Northwest, although in other States there did not take place a special session of the legislature to reduce taxes.

The Senator from Wisconsin and the Senator from Illinois make the definite assertion on the floor that if there are such modest tax reductions per family the money will immediately flow into all the consumer-purchasing channels and be a catalytic agent to stimulate the whole economy. The Senators do not know that for sure any more than I know for sure that such would not happen. It is merely a supposition on the part of the Senator from Wisconsin, exactly as it is a supposition on the part of the Senator from Illinois.

Mr. PROXMIRE. Let me say that it is more than a supposition on the part of the Senator from Illinois. The Senator from Illinois has pointed out that 90 percent of the tax cut would go to people who have incomes of less than \$10,000 a year and would almost certainly be spent. Those people do not save money. They cannot save money.

Mr. NEUBERGER. Do they have no savings?

Mr. PROXMIRE. They have very little savings. The people with incomes of less than \$10,000 a year spend virtually all they receive.

Mr. NEUBERGER. Have any studies been made in that regard?

Mr. PROXMIRE. Yes; studies have been made as to that. The studies show that two-thirds of the saving is done by people with relatively large incomes.

Mr. NEUBERGER. And the people with incomes of \$10,000 a year or less do not save any money?

Mr. PROXMIRE. They have some savings, of course, but the savings are relatively modest. Most of the people with incomes of less than \$4,000 a year—in fact, the overwhelming majority of them—spend almost everything they receive.

Mr. NEUBERGER. The Senator is now talking about people with incomes of \$4,000 a year.

Mr. PROXMIRE. People with incomes of \$4,000 a year or less would receive a great proportion of the tax savings proposed to be provided by the Senator from Illinois.

So far as the excellent example which the Senator from Oregon gave with reference to his own State is concerned, the fact is, of course, that Oregon could eliminate taxes and there still would not be provided the type of impetus to the economy which would be obtained from a sharp reduction in Federal taxes, for many reasons.

Mr. NEUBERGER. Will the Senator explain to me why that is true?

Mr. PROXMIRE. I think the Senator from Oregon knows that to a very great extent the market for Oregon products

comes from outside Oregon, not from within Oregon.

Mr. DOUGLAS. The Senator is correct.

Mr. PROXMIRE. The State of Oregon simply cannot pull itself up by its own bootstraps.

Mr. NEUBERGER. The people of Oregon buy all their soft goods in Oregon.

Mr. PROXMIRE. That is true, but the fact is that the State taxes—perhaps this does not apply to all of them—are relatively modest compared to the Federal income taxes.

Mr. NEUBERGER. The State of Oregon has the highest State income tax in the Nation, and the Oregon State income tax amounts to a substantial proportion of the Federal income tax.

A few minutes ago the Senator from Illinois said that even the purchase of soft goods would help the economy, yet when I point out to the Senator from Wisconsin that the people of Oregon buy soft goods in Oregon, the Senator dismisses that statement as a trivial matter.

The only reason I emphasize the point is to show how inexact is the science of economics.

There is one thing which I feel is very certain in this situation. The larger the Federal deficit, that much less likely is it the Federal Government will be able to take care of its real needs in the fields of aid to schools, of natural-resources conservation, of river development, of college scholarships, and the vital realms in which the Senator from Wisconsin, the Senator from Illinois, and the Senator from Oregon are jointly interested.

Mr. PROXMIRE. Absolutely. I think the way to eliminate the Federal deficit is to take the kinds of economic steps which are advocated by the Senator from Illinois, which will cause the great American economy to move forward again, so that the tax rate we have will yield an adequate income.

In fact, we could increase our taxes now and attempt to balance the budget; but by attempting to balance the budget in that manner we could create so much unemployment and could diminish income so sharply that the taxes would yield so little as actually to create a greater deficit. It is tremendously important to get the economy moving in the right direction.

Mr. NEUBERGER. During the great depression was there an alleviation of the depression by tax cuts, or by Government spending for useful projects?

Mr. PROXMIRE. One of the great reasons why we were able to emerge from the recession of 1954, of course, was that we had a very substantial tax cut of about \$7½ billion.

Mr. NEUBERGER. Does the Senator from Wisconsin advocate that kind of tax cut?

Mr. PROXMIRE. I do not advocate that kind of a tax cut, but it was one of the reasons for coming out of that recession. We had a tax cut.

Mr. NEUBERGER. The Senator says the tax cut in 1954 ended the recession, but that he does not want that kind of a tax cut. Neither do I.

Mr. PROXMIRE. I do not, and I will tell the Senator exactly why. At that time, during the recession we had then, there was quite a business investment boom. It will be almost impossible now to have a business investment boom for many years. We now need to get money into the pockets of consumers, because we have a great deficit of demand. We need a greater consumers' demand.

Mr. NEUBERGER. I have two further questions to ask the Senator from Wisconsin, and then I shall not impose further on the time of the Senator from Illinois.

Does the Senator from Wisconsin think the tax cut of 1954 was a good thing?

Mr. PROXMIRE. I think it was both a good thing and a bad thing. I think it was an inequitable tax cut. I think it was a tax cut which benefited the people of America who were less needy in terms of tax reduction. However, I think it was a good thing, in that it did have a desirable economic effect on the overall economy.

Mr. NEUBERGER. Would the Senator from Illinois mind if I ask unanimous consent to have printed at this point in the RECORD, if I can obtain such consent, the vote in the Senate on that tax cut, to show which Senators favored it and which Senators opposed it, so as to help determine what the basic philosophy was?

Mr. DOUGLAS. I have no objection. There being no objection, the vote was ordered to be printed in the RECORD, as follows:

Rollcall vote on conference report on H. R. 8300 in the Senate in 1954:

YEAS (61)

Democrats (19): Anderson, Burke, Clements, Daniel, Ellender, Ervin, Frear, George, Gillette, Hayden, Hennings, Holland, Johnston of Texas, Johnston of South Carolina, Long, Maybank, Pastore, Smathers, Symington.

Republicans (42): Aiken, Barrett, Beall, Bennett, Bowring, Bricker, Bridges, Bush, Butler of Maryland, Carlson, Case, Cooper, Cordon Crippa, Dirksen, Duff, Ferguson, Flanders, Goldwater, Hendrickson, Hickenlooper, Ives, Jenner, Knowland, Kuchel, Malone, Martin, Millikin, Mundt, Payne, Potter, Purtell, Saltonstall, Schoeppel, Smith of Maine, Smith of New Jersey, Thye, Upton, Watkins, Welker, Wiley, Young.

NAYS (26)

Democrats (22): Byrd, Douglas, Fulbright, Gore, Green, Hill, Humphrey, Jackson, Johnson of Colorado, Kennedy, Kerr, Kilgore, Lehman, Lennon, Magnuson, Mansfield, Monroney, Murray, Neely, Russell, Sparkman, Stennis.

Republicans (3): Dworshak, Langer, Williams.

Independent (1): Morse.

NOT VOTING (9)

Democrats (6): Chavez (AF), Eastland (A), Kefauver (A), McCarran (A), McClellan (A), Robertson (A).

Republicans (3): Capehart (AF), McCarthy (AF), Reynolds (AF).

Symbols: (A) Absent, (AF) Announced for.

Mr. PROXMIRE. Unfortunately, the Senator from Oregon will not find my name on the list. At that time, I was not

a United States Senator. I would have voted against that kind of tax cut, and in favor of another kind.

Mr. NEUBERGER. The Senator said it was a good thing for the economy.

Mr. PROXMIER. It was a good thing for the economy; but another kind of tax cut would have been a better thing for the economy, and would have been more just and equitable, so far as the taxpayers were concerned.

Mr. NEUBERGER. A few minutes ago the Senator said it was a good thing for the economy. Now the Senator says he would have voted against it.

Mr. DOUGLAS. Mr. President, inasmuch as this colloquy has been conducted over my dead body, so to speak, I hope I may be pardoned if I make some comments on the discussion which has taken place.

With reference to the initial queries of the Senator from Oregon, the ability of States, counties, and municipalities to expand expenditures, or to reduce taxes and go into debt, is greatly limited by the constitutional limitations upon their borrowing power. This reduces their freedom of action very markedly.

There is no such limitation in the case of the Federal Government, except the \$280 billion debt limitation which exists at the moment, and which can be changed by Congressional action. This permits the Government, in a period of recession or depression, either to increase its expenditures or curtail its revenues, operate at a deficit, and then go to the banks and get the banks to create additional monetary purchasing power. That is one of the functions of the banking system.

It is possible for the Federal Government to initiate the injection of additional monetary purchasing power, but it is not possible for State and local governments to initiate it anywhere near the same degree.

As I shall try to develop, the injection of additional monetary purchasing power stimulates effective demand, which in turn stimulates sales, which in turn stimulates production, which in turn stimulates employment, which creates more purchasing power. The cycle operates in a circular fashion.

Let me say also to the Senator from Oregon [Mr. NEUBERGER] that, as the Senator from Wisconsin [Mr. PROXMIER] remarked, no State in the Union can live by taking in its own washing. The Senator from Oregon has frequently remarked on the fact that Oregon depends on the lumber industry. Oregon does not use all its lumber. It uses only a small fraction of its lumber. Lumber is used all over the country. Of course, we cannot expect Oregon to expand employment in the lumber industry by decreasing taxes in Oregon; but a decrease in taxes throughout the country might stimulate—and in my judgment would stimulate—a demand for repairs; it would make it easier to buy homes on the installment plan, and so forth, and thus lead to an increase in the demand for lumber and an increase in employment.

Furthermore, I do not believe that the Senator from Wisconsin needs any defense for his statement that the tax cuts in 1954 were both a good thing and a bad thing. They were a good thing so far as they produced a reduction in the general income tax, and in certain excise taxes. I think the Internal Revenue Act of 1954 which was passed in August of 1954 was mistaken in the dividend credit which it gave against taxes, and in the accelerated depreciation rates. It contained both good and bad features. But I think the Senator from Wisconsin was completely correct when he said that there were certain good features of the various tax cuts of 1954 which did help to bring about a recovery. Much of the tax reduction, particularly the \$3 billion cut in the personal income tax, automatically went into effect the first of the year, and hence constituted a stimulation.

WHAT GENERAL ACTION SHOULD BE TAKEN

We have been asked the question what general action should be taken. With the exception of a relatively few people, some of whom unfortunately occupy important and strategic positions in our Government, almost everyone now agrees that the Federal Government has an obligation to promote the economic health and well being of our economy and of our country, and that the Federal Government should use its great powers to prevent business depressions. The Employment Act of 1946 indeed pledges the Government to carry out such a policy. I quote from the statement of purpose:

The Congress declares that it is the continuing policy and responsibility of the Federal Government * * * to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining * * * conditions under which there will be afforded useful employment opportunities * * * and to promote maximum employment, production, and purchasing power.

That is still the law of the land, and it constitutes a clear mandate to Congress and to the administration to adopt such measures as may be necessary to promote maximum employment. This the administration has not done.

Among economists, there is almost complete unanimity that the Federal Government should follow what are called countercyclical policies so as to offset both inflation and deflation, and prevent recessions from growing into depressions.

When translated into policy, this generalization means that in times of inflation, the Government should balance the budget and even run a surplus, possibly retire some of the debt, cut Government expenditures, and tighten up on money and credit to offset the inflationary forces which are operating in the private sectors of the economy. It is very interesting to note that many of those who call themselves conservatives accept these general policies in times of inflation. The problem with many of them, however, is that they appear bent on following these same policies in times of recession as well as in times of inflation.

In a recession, the opposite policies should be pursued. The Government should move very quickly to make money and credit more easily available. It should protect the unemployed. It should speed up those expenditures for projects which are needed and which can be put into effect immediately. Further, and most important, if there is danger of a serious decline, the Government should cut taxes quickly so as to pump purchasing power into the economy and to help turn the economy from a state of contraction into a state of expansion. Next to an improvement in unemployment benefits, tax cuts should have high priority and should be used quickly, rather than as a last resort.

Unfortunately, some very prominent people have been advocating that during this recession we should balance the budget, pay off some of the debt, and even increase taxes. If we were so foolish as to follow these policies, matters would quickly become a great deal worse than they now are. These policies were advocated unhappily, in the period from 1929 to 1932 and they were responsible in very large part for the depth and length of the great depression. Such policies followed now might well kill the patient.

One of the great difficulties in gaining acceptance by everyone of the correctness of using countercyclical fiscal policies is that people are prone to confuse what actions the Federal Government should take with what actions are prudent for private persons to pursue during recessions and depressions. They argue that when individuals are out of work and when their income declines, they should tighten their belts, postpone purchases and the buying of things they want, and should try to put something aside in savings to tide themselves over the rough times ahead. Of course, this is precisely what individuals should do when they are faced with declining incomes or possible unemployment. No one should blame men for acting in this way. But it is because private businesses and individuals do act in this way that recessions can snowball into depressions. When private businesses or individuals spend less money, other businesses and stores sell less. They, in turn, order less from manufacturers who consequently produce less, decrease their inventories, and lay off workers. All of this means that there is still less money to spend, less is purchased, business produces even less than before and the vicious downward spiral continues.

Mr. PROXMIER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIER. Is it not true that this is perhaps the reason for the fallacy behind the well-intended suggestion of President Eisenhower that people should buy, that they should spend more? According to the President, if they should find themselves in an economic recession, and their income should drop, they should buy. Under that theory, that is the way to solve their economic problems, rather than to have the Federal

Government step in and take up the economic slack.

Mr. DOUGLAS. Yes; it is. The individual is frightened, and sees others becoming unemployed. He fears that he may become unemployed himself, and that he may lose income. Therefore, he wants to cut down on his purchases in order to have savings in case he is thrown out of work; so in order to protect himself, he restricts his purchases. This causes the economy to contract. Yet the individual finds it is prudent to do that.

Mr. PROXMIRE. The injunction to buy issued by the President—with the great prestige of his office behind it—is therefore less likely to have the desired effect than concrete action on the part of the Government which would put hard cash in a person's pocket, as would a tax cut.

Mr. DOUGLAS. The Senator from Wisconsin is absolutely correct. Many people either lack the means to buy or fear that they will lack the means to buy in the future. They must have some reassurance when they are enjoined to go forth and buy.

If, however, the Federal Government were to pursue similar policies in times of recessions, that action would merely pour more fuel on the fire. Not only would the private sector of the economy be in trouble, but Government action would also lead to fewer orders, less spending, declining incomes, and so forth. This would compound the problem. For the Federal Government to tighten its belt at the same time that private business and individuals are contracting would bring economic disaster.

The policies which the Federal Government should pursue in times of recession should instead be aimed at offsetting the decline in the private sectors of the economy. This means that expenditures should be increased, taxes lowered, and money and credit made more easily available. This is a very simple point but one about which far too many people are confused, some of whom occupy important positions of power and authority over our Government and our economy.

Mr. PROXMIRE. Mr. President, will the Senator yield? I hope I will not interrupt the Senator any more.

Mr. DOUGLAS. No; it is very helpful for the Senator to do so.

Mr. PROXMIRE. This is an extremely important point. In the State of Wisconsin, I find myself arguing it again and again. It is a point which many people, not especially Republicans, but Democrats and Republicans, and not only businessmen, but also working people and labor leaders, simply cannot understand, because they cannot overcome the notion that the Government must always, in their view, balance its budget at whatever cost.

It is very important to express the principle that it is statesmanship, not demagoguery, to advocate increasing expenditures and lowering taxes. It is something that is very hard to get across to people.

It is wonderful that the outstanding economist of the Senate, a man of great

stature and prestige, a man who has advocated increasing taxes and taking other measures in prosperous times, and who has advocated budget surpluses at other times should make this statement now. It is very helpful to the American people, and to persons such as I, who have less prestige and who are facing a serious problem, as I am in my State, in trying to justify action which I believe is based on principle, action which is right, and action which is being badly misunderstood.

Mr. DOUGLAS. I thank the Senator from Wisconsin. I may say that he is 100 percent correct in the policy which he himself is adopting, namely, that the Government should try to offset the decline in private income and private production and private employment. It can only do that either by increasing expenditures or by reducing taxes, or by a wise combination of both methods.

SPECIFIC ACTIONS TO BE TAKEN

As I have said, we are in a very serious recession. While there are those who are saying that things are getting worse at a slower rate, or that the recession is bottoming out, or that we may see an upturn in the fall, the facts do not yet show any of these things to be true. Even if it were true that we are now declining at a slower rate, or that we had bottomed out, or that we could count on some upturn in the fall, we should still act and act decisively to stop this recession and to bring a decisive upturn in economic activity.

It is not healthy for us to "bottom out" and not bring about an increase in economic activity when we have 5.1 million persons completely unemployed, and the equivalent of another 1.3 million persons fully unemployed, who are only working part time. After all, it is not much consolation, if we have been going down on the vertical line of an "L," to "bottom out" at a low level on the "L." It is much better to have the "L" changed into a "V," so that we go up as sharply as we went down. In that way, we reduce the area of loss.

In addition, it is also clear that very little action has yet been taken by the Federal Government to offset the economic decline. The administration decided last fall that they would rely almost entirely on an increase in military expenditures during the first half of 1958 to the levels they had been before the severe cutbacks in the second half of 1957 to stop the recession. This increase in military expenditures to those levels has not been enough to stop the fall. As the administration made this decision last fall, and as they have decided that this was the extent of the major action they were going to take—at least during the first half of 1958—we have seen little leadership, no major constructive proposals, and no real effort on the part of this administration to move quickly and decisively to stop the recession. The policy of "wait and see" has been a miserable failure and we have thereby lost the value of the goods and services which should have been produced, have inflicted great misery and loss of self-esteem on those who have been so un-

fortunate as to have lost their jobs and their businesses during this period, and we have lost great prestige in the world. The do-nothing policy has already cost us dear and will hurt us still more unless we act.

Therefore, there are at least four specific things which the Federal Government should do to offset a recession. These are:

First. Provide unemployment benefits for a longer period of time and on more liberal terms.

Second. Cut taxes for lower and middle income groups so as to pump purchasing power into the hands of those who need it and who will spend it.

Third. Increase Government expenditures for needed public works and for projects which can be started immediately in the areas where unemployment exists.

Fourth. Make money and credit more easily available.

TAX CUTS SHOULD HAVE FIRST PRIORITY

Aside from increasing unemployment benefits, the quickest and most effective way to act is the right kind of a tax cut. This is a tax cut which will go primarily to those with low and middle incomes. The reasons for this is that people with low and middle incomes—even up to \$10,000 per year—tend to spend most of their incomes and, in many cases, actually over-spend their incomes. Therefore, such a cut would be fed into the economy almost immediately. If given to the right groups, it would be spent and would directly stimulate the demand for goods and services. This is the best and most immediate method of attempting to stop the recession and of starting an economic upturn. The increase in the demand for consumer goods should also stimulate the demand for, and investment in, capital goods.

Mr. President, some reference has been made to the study of consumer expenditures, incomes, and savings made by the Bureau of Labor Statistics. That study cost the Federal Government several million dollars. It was published in 18 volumes. I have three of them in my hand. There are 15 more of the same size. Therefore, the Senator from Wisconsin and I were not talking through our hats when we spoke of the results of this study. They are based on an examination of families all across the United States. They show what I have been saying and what the Senator from Wisconsin has been saying, namely, that if a tax cut is to be effective, it must go to those who will spend the money, and that those in the low- and middle-income brackets will spend a much greater proportion of their incomes than those with high incomes. I have prepared a table which is taken from the summary of family accounts of this 1950 study. It indicates what families of various income levels do with their incomes.

I ask unanimous consent that the table be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Money income after taxes and current consumption—expenditures by income classes in 1950

Income class	Money income after taxes	Current consumption expenditures	Excess of 2 over 3
(1)	(2)	(3)	(4)
Under \$1,000.....	\$614	\$1,278	-\$664
\$1,000 to \$2,000.....	1,532	1,763	-231
\$2,000 to \$3,000.....	2,534	2,718	-184
\$3,000 to \$4,000.....	3,487	3,570	-83
\$4,000 to \$5,000.....	4,402	4,450	+48
\$5,000 to \$6,000.....	5,449	5,257	+192
\$6,000 to \$7,500.....	6,618	6,043	+618
\$7,500 to \$10,000.....	8,434	7,108	+1,326
Over \$10,000.....	15,914	10,778	+5,141

Source: Study of Consumer Incomes, Expenditures and Savings, U. S. Bureau of Labor Statistics. The figures for changes in assets and liabilities show substantially similar results.

Mr. DOUGLAS. This table indicates, Mr. President, that in 1950 those families having incomes below \$4,000 a year actually spent for current consumption more money than they received in money income after taxes. Therefore, we know that any income which goes to these groups will be spent for consumption purposes almost immediately because they actually spend more than their income on current consumption. For those families with money incomes after taxes of under a thousand dollars a year there was an average deficit or dissavings of \$664 per family.

Those having incomes after taxes from \$1,000 to \$2,000 had a deficit of \$231; those having incomes after taxes from \$2,000 to \$3,000 had a deficit of \$184; those having incomes after taxes from \$3,000 to \$4,000 had a deficit of \$83.

The surplus or savings began only with those families earning from \$4,000 to \$5,000 a year, and then it amounted to an average of only \$12 per family.

In the \$5,000 to \$6,000 a year class, the surplus rose to \$192.

In the \$6,000 to \$7,500 income class, the surplus went to \$618 a year.

In the income from \$7,500 to \$10,000, the surplus was no less than \$5,141.

In families where the money income after taxes was in excess of \$10,000, the average money income, after taxes, amounted to \$15,914, and those families saved more than 30 percent of their income. The table indicates that an one goes up in the income scale, money income after taxes becomes progressively more than current consumption expenditures and savings increase both absolutely and proportionately.

I agree with the Senator from Oregon that economics is not an exact science. But I say that every budget study we have—and we now have hundreds of them from various part of the world—bears out the conclusion that savings increase as income increases, both absolutely and proportionately. Therefore, the higher the income group, the smaller the proportion of income which is spent for current consumption needs.

Since 1950, average family income has increased so that one could safely predict that today families with incomes of

approximately \$5,000 or below tend to spend all or almost all of their money income after taxes on current consumption and that families with incomes above that level are in a position to save some of their income. However, the larger the income, the greater the savings. Therefore, if the purpose of a tax cut is to increase demand, as should be the major purpose of a tax cut at this time then such a cut should go primarily to those with incomes in the low and middle brackets. For in a recession, a considerable proportion of the income saved will not be invested in industry and, hence, will in effect be sterilized.

SPECIFIC TAX-CUT PROPOSAL

It is for this reason that for well over 3 months I have advocated a tax cut composed of two basic parts. First, I believe we should cut the tax on the first \$1,000 of taxable income from the present rate of 20 percent to a temporary rate of 15 percent. Such a tax cut would mean a cut of \$50 per taxpayer per year. It would reduce the tax on the first \$1,000 of taxable income from \$200 to \$150.

This proposal has many desirable features. First of all, no one now paying taxes would be removed from the tax rolls. Anyone with any taxable income at present would continue to pay some tax, although a lesser one.

Second, I propose that this cut be temporary, running from July 1, 1958 to June 30, 1959, when it would expire unless specifically extended by law. Therefore, this feature combined with the fact that no one would leave the tax rolls is important, for we would not have a situation where from 3 to 4 million taxpayers were relieved of taxes altogether only to be placed back on the rolls 1 year from now.

Third, over 90 percent of such a cut would go to those with incomes below \$10,000. Most of it would, therefore, be spent and this would stimulate demand, purchases, and production. No other proposal which has been offered seriously would go in such great proportions to those persons in income groups who would spend it.

One method of increasing the effect of such a cut would be to lower the rate from 20 percent, not to 15 percent for 1 year, but to 10 percent for 6 months. In this event, the same total decrease would be concentrated, but it would take effect in accentuated form within the period of 6 months, instead of being spread over a period of a year.

I ask unanimous consent that a table which shows the estimated distribution of a personal tax cut in which the rate on the first \$1,000 of taxable income was reduced from 20 to 15 percent, and the estimated total cost of such a cut based on the estimated budget receipts for fiscal year 1958, be placed in the RECORD at this point. This table was prepared at my request by the staff of the Joint Committee on Internal Revenue Taxation. The estimate of the total cost of such a cut is now obviously too high, since the estimates of revenues were based on a level of national income considerably above that which has now come

about. My best judgment is that such a cut would now cost in the neighborhood of \$3 billion.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimated distribution of tax reduction on basis of January estimates

Adjusted gross income	Tax reduction	
	Amount (millions)	Percentage distribution of tax reduction
Under \$5,000.....	\$1,400	40.3
\$5,000 to \$10,000.....	1,740	50.1
Over \$10,000.....	335	9.6
Total.....	3,475	100.0

Mr. PROXMIER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIER. Several times in the course of his speech the Senator from Illinois has referred to a cost of more than \$3 billion, and later on the total proposal is \$6 billion. Does this figure take into account in any way the ultimate effect of a cut?

Mr. DOUGLAS. No; it does not. What the loss would be if the national income were to remain the same, I do not know. But it is my contention that such a cut would lead to an increase in the national income, and I estimate that the net loss in revenue would not exceed \$1,500,000,000 or \$2 billion.

Mr. PROXMIER. With a \$6 billion tax reduction, the net loss in taxes would not exceed \$1,500,000,000 or \$2 billion?

Mr. DOUGLAS. That is correct; over what it would otherwise be.

EXCISE TAX REDUCTIONS

In addition to a reduction in personal income taxes of around \$3 billion, which would stimulate demand and increase purchasing power, we would also attempt to reduce prices. I have therefore proposed that we reduce or repeal the excise taxes on a great variety of products and services. These excise taxes, for the most part, were imposed during war time to stop or to decrease consumption. Today we want to expand consumption and production. In addition, the excise taxes fall in the main most heavily on low and middle income groups because they tend to be regressive and take a larger proportion of the income of the low and middle income than of the high income groups. Further, they are nuisances and they also tend to become pyramided in the final sales price of the articles on which they are imposed. For when retailers mark up prices, they not only apply the markup to the manufacturers' price, but also to the manufacturers' price plus the excise tax. The excise tax on transportation of property is probably pyramided to a greater extent than any other of these taxes.

For all of these reasons, these nuisance taxes should be reduced or repealed at this time when the particular industries against whose products or services they are levied—such as the automobile

industry, the railroads, and the producers of durable household goods—are in great difficulties.

I ask unanimous consent that a table which lists the excise taxes which I pro-

pose be reduced or repealed be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Excise provisions of proposed Douglas tax cut

Item	Present rate	How collected at present	New proposed rate (percent)	Revenue loss as estimated in fiscal year 1959 budget
1. RETAILERS' EXCISES				
Sec. 4001: Jewelry selling at retail for \$25 or less and watches and clocks selling for \$100 or less.	10 percent of selling price.	Paid by consumer to retailer.	0	Million \$100.0
Sec. 4021: Toilet preparations.	10 percent	Retailer	0	102.0
Sec. 4031: Luggage, handbags, wallets, etc.	do.	do.	0	60.0
2. MANUFACTURERS' EXCISES				
Sec. 4061 (a) (2): Passenger automobiles.	10 percent (permanent rate 7 percent).	Paid by manufacturer to Government.	5	500.0
Sec. 4061 (b): Auto parts and accessories (includes parts for trucks).	8 percent (permanent rate 5 percent).	Paid by manufacturer to Government.	0	113.0
Sec. 4111:				
1. Refrigeration equipment, household type.	5 percent	Paid by manufacturer	0	44.0
2. Air conditioners	10 percent	do.	0	75.0
Sec. 4121: Electrical, gas, and oil appliances.	5 percent	do.	0	28.0
Sec. 4131: Light bulbs.	10 percent	do.	0	179.0
Sec. 4141: Radio and TV, phonographs, etc.	do.	do.	0	10.0
Sec. 4151: Musical instruments.	do.	do.	0	
Sec. 4161: Sporting good (except fishing equipment).	do.	do.	0	
Sec. 4171:				
1. Cameras and films	do.	do.	0	22.0
2. Projectors, still and motion of household type.	5 percent	do.	0	
Sec. 4191: Business machines	10 percent	do.	0	93.0
Sec. 4201: Mechanical lighters, pencils, fountain and ball-point pens.	do.	do.	0	10.0
Sec. 4211: Matches:				
1. Plain	2 cents per 1,000 but not more than 10 percent	Paid by manufacturer—Con.	0	\$6.0
2. Fancy	5½ cents per 1,000	do.	0	
3. FACILITIES AND SERVICES				
Sec. 4231 (1-6): Admissions of all kinds, including musicians.	Various. (20 percent musicians.)	Paid by person paying admission; collected from proprietors.	0	100.0
Sec. 4251: Communications:				
1. Telephone and telegraph leased wires, etc.	10 percent	Imposed on person paying for facility.	5	517.5
2. Local telephone	do.	do.	0	
3. Wire and equipment service.	8 percent	do.	4	107.5
Transportation: Sec. 4261: Persons.	10 percent	Paid by person making purchase. Collected by transportation company.	5	
Sec. 4271 (a):				
1. Transportation of property other than coal.	3 percent	Paid by person making purchase of transportation.	0	476.0
2. Transportation of coal.	4 cents per ton.	Paid by person making purchase of transportation per ton.	0	
Total revenue loss.				2,543.0

¹ Estimated.

² A further cut of 2.5 percent should be conditional on manufacturers reducing prices by approximately 6 percent.

Mr. DOUGLAS. In brief, Mr. President, my proposal would remove the retailers' excise tax on jewelry selling at retail for \$25 or less, and on watches and clocks selling for \$100 or less. It would remove the 10 percent excise tax on toilet preparations and the 10 percent excise tax on luggage, handbags, wallets, and the like.

It would reduce the manufacturers' excise tax on passenger automobiles from the present 10 percent to 5 percent. I shall speak more about that in a few moments.

My proposal would eliminate the 8 percent tax on auto parts and accessories; the 5 percent tax on refrigeration equipment of a household type; the 10 percent tax on air conditioners; the 5 percent tax on electrical, gas, and oil appliances; the

10 percent tax on light bulbs; the 10 percent tax on radio and TV instruments and on phonographs; the 10 percent tax on musical instruments; the 10 percent tax on sporting goods, except fishing equipment; the 10 percent tax on cameras and films; the 5 percent tax on projectors, still and motion, of a household type; the 10 percent tax on business machines; the 10 percent tax on mechanical lighters, pencils, fountain pens, and ball-point pens; and the excise tax on matches.

I propose the elimination of the tax on facilities and services, including admissions of all kinds. This applies to musicians, as well.

The present 10-percent tax on leased wires and long-distance communications

would be reduced from 10 percent to 5 percent.

The present 10-percent tax on local telephone calls would be completely eliminated.

The present 8-percent tax on wire and equipment service would be reduced to 4 percent.

The present 10-percent tax on the transportation of persons would be reduced to 5 percent.

The present 3-percent tax on the transportation of property other than coal would be completely eliminated.

The present 4-cents-a-ton tax on the transportation of coal would be completely eliminated.

That would make a total revenue loss, in the case of excise taxes, of approximately \$2,543,000,000.

In addition, I have proposed to the automobile companies that if they will reduce their prices by 6 percent, I favor giving them a further excise-tax reduction of 2½ percent, making a combined excise-tax reduction of 7½ percent; and that reduction, plus the 6-percent price reduction, would make a total reduction of 13½ percent in the price of each automobile.

As the Senator from Wisconsin has pointed out, in the case of an automobile with a price of \$2,000 at the manufacturer's level, that percentage reduction would amount to a \$260 to \$270 reduction, or to a reduction of \$390 to \$400 in the case of an automobile priced at \$3,000 at the manufacturer's level; and I have said that if the automobile companies will agree to reduce their prices 6 percent and the Government the auto excise tax by 7.5 percent, then I think the union—the UAW—in the industry should also make concessions, in order to reduce the costs.

From the computations that our very able statistical economists have made, we have figured out that for every decrease of 1 percent in the price of automobiles, there would be an increase of approximately 1.2 percent in the demand for them. Therefore, this proposed decrease in the price of automobiles should be accompanied by an increase of from 13 to 16 percent in the demand for automobiles. In addition, adoption of the tax program as a whole will increase the total national economy, and this should have a further beneficial effect on the demand for automobiles.

In response to the Senator from Oregon, I should have said that we do not propose to depend exclusively on an increase in the general prosperity. In addition, my proposals relate in particular to the automobile industry. As the Senator from Wisconsin has said, we also propose a very great decrease in the taxes on automobiles and in the prices of automobiles, as a direct stimulant to the demand for them.

In all, somewhere between 16 percent and 20 percent should be the increase in demand for automobiles; and that would amount to an increased production of between 700,000 and 800,000 automobiles. That would have a very real effect in connection with the automobile industry; it should reduce the overhead cost of the automobiles by about \$115 per

automobile, and virtually would make up for the reduction in price which I am asking the automobile industry to put into effect. So, in reality, the automobile industry would not lose from this proposal.

The revenue loss for the excise cuts which I propose, for the most part based on the fiscal 1959 budget, amount to \$2.5 billion. As the automobile companies seem reluctant to cut the prices of their cars, I believe that I cannot in good conscience propose that the auto excise tax be cut below 5 percent from the present 10 percent level.

If the automobile companies would agree to cut their prices by about \$200 per car, or by about 6 percent, I am prepared to see the tax reduced from 10 percent to 2.5 percent, or a cut of 7.5 percent of the tax on the cost of a car at the manufacturers' level. Such a cut of 13½ percent in unit price should increase the number of cars demanded by from 16 to 20 percent or by from 700,000 to 800,000 cars. This increase would reduce average overhead and fixed costs per car by about as much as the cut in price by the companies, and hence would cause them little or no sacrifice. If such a policy does go into effect, the union should also help by moderating its demands, and should seek to reduce costs.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. Does the Senator from Illinois have any estimate regarding the number of jobs his proposal would provide—as a result of selling from 16 percent to 20 percent more automobiles?

Mr. DOUGLAS. We think there would be an increase of between 150,000 and 200,000 in the number of jobs, in the case of both the industry and its suppliers.

Mr. PROXMIRE. I thank the Senator from Illinois.

Mr. DOUGLAS. But, of course, there would also be beneficial effects on the economy as a whole.

Let me say that I have not seen the replies the automobile companies have made to this proposal; but from the accounts which have appeared in the New York Times, I gather that their replies have not been particularly favorable. I urge the automobile companies to reconsider this proposal, and not make their refusal final.

When I heard they had rejected this proposal, I must admit I had a moment of pique, and thought I would then refuse to propose any tax cuts for their benefit. But then I thought that before I made this proposal, I had previously proposed a 5-percent tax cut for them, and that I was in honor bound obliged to continue to urge it. But I must say that I am somewhat allergic to proposing further cuts, unless the automobile companies come through with a price cut, in addition.

I am also proposing a cut of from \$400 to \$500 million by reducing the tax on the first \$25,000 of corporate profits by 5 or 6 percent. This should be of real help to small business.

Therefore, on the basis of the budget estimates, the total annual revenue losses from the cuts I propose in personal and

excise taxes and in the small-business tax would be of the magnitude of \$6 billion.

I ask unanimous consent that a table I have prepared giving the estimated revenue losses from my proposed cuts be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection the table will be printed in the RECORD.

The table follows:

[In billions]		Estimated
Proposed tax cuts:		revenue losses
1. Cut from 20 to 15 percent in the rate on the first \$1,000 of taxable income.....		\$3.0
2. Repeal or reduction of excises.....		2.0
3. Reducing rate on first \$25,000 of corporate profits.....		.5
Total.....		6.0

WHY THIS IS THE RIGHT KIND OF A TAX CUT

Mr. DOUGLAS. Mr. President, at this time let me attempt to develop the reasons why I believe the tax cut I have proposed is the right kind.

The combination of lowering the tax rate from 20 percent to 15 percent on the first \$1,000 of taxable income, on the one hand, and reducing or repealing the excise taxes on transportation, automobiles, telephone service, consumer durables and other items which enter into the family budget, on the other hand, should have a powerful stimulating effect on the economy. First of all, it would put money, or increased purchasing power, into the hands of those who will spend it—unlike a tax cut for upper income groups or for investment—and, second, it would mean lower prices for automobiles, TV sets, radios, air conditioners, toasters, and other household goods, telephone service, and particularly the price of almost everything which is shipped by road or rail, the present tax on which is pyramided into higher and higher prices.

The effect of such a tax cut would mean that consumers would buy more from retailers who, in turn, would order more from manufacturers, who, in turn, would produce more and, therefore, would hire more people to work, which would in turn, increase the incomes of those either now out of work or who are only working part time, which in turn would lead to more sales and more orders and more production and more employment. Therefore, what we are trying to do is to stop the downward, cumulative forces which are now operating, and turn them into upward cumulative forces which could give a thrust to our economy and would end the recession.

THE MULTIPLIER EFFECT

Now let me deal with the multiplier effect to which reference has already been made.

A \$6 billion tax cut which went to lower and middle income groups would have a much greater effect than a mere \$6 billion stimulus to the economy. A dollar in tax cuts is spent and respent. The reason why it is important to give such a cut to low income groups is that they spend it. It is my opinion that a personal tax cut, over 90 percent of which went to those with incomes below

\$10,000, and the repeal or reduction of the excises which fall disproportionately and unfairly on low and middle income groups, would ultimately result in an increase in our gross national product, over what it would otherwise be, of about three times the size of the actual tax cut. Therefore, the \$6 billion tax cut which I have proposed should result in an eventual increase of about \$18 billion in our gross national product. This amount is based on the assumption that, on the average, at least 75 cents of each dollar of such a cut would be spent, and not more than 25 cents of each dollar of such cut would either be paid in taxes or saved and not invested. Therefore, when the \$6 billion was received by consumers, they would spend 75 percent of it, or \$4.5 billion; and not more than \$1.5 billion would go for taxes or would leak into savings which would not be invested. Then, when the \$4.5 billion was received by retailers or businessmen, they, in turn, would spend 75 percent of it, or \$3.38 billion, or \$2.54 billion, would be spent and only \$840 millions saved and not invested, and so on until the full effect of the \$6 billion tax cut, as it was spent and respent, would be about three times \$6 billion, or around \$18 billion.

Those of my colleagues who are experts in mathematics can work this out very quickly by using an algebraic formula. Those who must proceed by means of arithmetic, as I do largely, can take three-fourths of each of the amounts, and can add them together, and thus they will arrive at the figure \$18 billion. So both the mathematicians and the arithmeticians can check on the figures I have given.

This is what economists call the multiplier effect. The proportions spent or saved and paid in taxes obviously differ depending upon the nature of the tax cut. A \$6 billion tax cut which went to those on incomes of, for example, \$30,000 a year or more might well be saved in roughly the opposite proportions of a tax cut given mainly to those on incomes below \$10,000, namely, that 75 percent of such cut would be saved or paid in taxes, and only 25 percent spent. So there is more than mere equitable grounds for advocating that a tax cut go primarily to those on low and middle incomes. If a \$6 billion cut went to those on incomes of \$30,000 a year or more, and if they saved or paid in taxes 75 percent of it and spent only 25 percent, then the ultimate stimulating effect of that kind of a tax cut would be very much less. On the first round, \$1,500,000,000, or 25 percent of \$6 billion, would be spent with \$4,500,000,000 saved or paid in taxes. Even though the multiplier would be higher on the \$1,500,000,000, it seems improbable that the total stimulation would not exceed \$4 to \$4½ billion, or only one-quarter as much as in the case of the tax cut which I favor.

If a tax cut is to be effective, and if it is to stimulate the economy, then it must go to those groups which will spend it. This is the logical ground on which support of a tax cut to low and middle income groups rests.

EQUITABLE REASONS

Not only is it logical that a tax cut, to be effective, should go to low and middle income groups, but it is also fair and equitable.

When we take all taxes together—local, State, and Federal—our tax system is roughly proportional. This means that all income groups from the lowest to the highest pay roughly the same proportion of their income in taxes. Of course, there are many individual exceptions, and it is also true that the upper 5 percent of income groups, namely, those with incomes of \$10,000 or more, pay at slightly progressive rates, but our

tax system as a whole is what the economists call proportional.

I ask unanimous consent that a table showing the estimated effective rates of taxation for the year 1954 for Federal, State, and local taxes by income groups, which was prepared by Professor Richard Musgrave, of the University of Michigan, and which appears at page 98 of the publication Federal Tax Policy for Economic Growth and Stability, published by the Joint Economic Committee in 1955, be printed in the RECORD at this point:

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimated effective rates of tax for 1954

[Tax as percent of income ¹]

	0 to \$2,000	\$2,000 to \$3,000	\$3,000 to \$4,000	\$4,000 to \$5,000	\$5,000 to \$7,500	\$7,500 to \$10,000	Over \$10,000	Total
Federal taxes:								
(1) Personal income tax.....	3.1	5.3	7.1	8.4	11.5	14.2	14.6	10.7
(2) Estate and gift taxes.....							1.4	.3
(3) Corporate profits tax.....	3.7	3.8	3.3	3.2	3.6	4.1	14.1	6.2
(4) Excises.....	5.0	4.5	4.1	3.9	3.6	3.3	1.9	3.4
(5) Customs.....	2.3	.3	.2	.2	.2	.2	.1	.2
(6) Social-insurance contribution.....	3.6	4.1	4.4	4.2	3.2	2.4	1.1	3.0
(7) Total.....	15.7	17.9	19.1	20.0	22.2	24.2	33.2	23.8
(8) Without social-insurance contribution.....	12.1	13.8	14.7	15.8	19.0	21.8	32.1	20.9
State and local taxes:								
(9) Personal income tax.....	.01	.1	.2	.2	.4	.5	.8	.4
(10) Inheritance and gift taxes.....							.4	.1
(11) Corporate profits tax.....	.2	.2	.1	.1	.2	.2	.6	.3
(12) Excise and sales tax.....	5.7	5.1	4.6	4.4	4.2	3.8	2.2	3.9
(13) Property.....	4.8	4.3	4.1	4.1	3.8	3.6	3.4	3.8
(14) Social-insurance contribution.....	.5	.7	.7	.9	.7	.6	.3	5.9
(15) Total.....	11.2	10.4	9.8	9.8	9.1	8.8	7.7	9.1
(16) Without social-insurance contribution.....	10.7	9.7	9.1	8.9	8.4	8.1	7.4	8.5
All levels of government:								
(17) Total.....	26.9	28.3	28.9	29.8	31.3	33.0	40.9	32.9
(18) Without social-insurance contribution.....	22.8	23.5	23.8	24.7	27.4	29.9	39.5	29.4

¹ Ratio of tax allocations shown in table A4 to adjusted money income shown in appendix table A2 line (6).

Mr. DOUGLAS. This table shows, for example, that those with incomes below \$2,000 pay a greater proportion of their income in Federal excises, customs, and social-insurance contributions than do those with incomes above \$10,000. It also shows that at the State and local level, those with incomes below \$2,000 pay a greater proportion of their income in excise and sales taxes, property taxes, and in social-insurance contributions than do those groups with incomes in excess of \$10,000. Because of these gross inequities, it is seen that when all taxes are taken together, the estimated effective tax rates are roughly the same for all income groups up to \$10,000.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. Is it not true that Professor Musgrave and other economists, while they have made an excellent case of showing that the overall tax system is proportional, and not progressive, as most persons suspect, are very much inclined to overlook the very important fact that a person with a low income is ironbound to purchase the necessities of life and to commit most or all of his income to such purchases?

Mr. DOUGLAS. I think so.

Mr. PROXMIRE. If one considers the tax on free income, he finds that the overall tax system, rather than being progressive or proportional, tends to be regressive, which fact very much adds to the equity and justice of the proposed tax cut for persons with low and medium incomes.

Mr. DOUGLAS. That is an extremely good point. We are talking of total income and not just the proportions of income spent for the necessities of life, so to speak. The reason why taxes as a whole are merely proportional and not progressive, is that while the system of Federal income tax is based on a certain degree of progression, although not to such an extent as most persons think, both State and local sales taxes and general property taxes tend to be regressive.

It is a basic principle that taxes should be levied according to ability to pay. As this was the intent of the Federal income tax, and as this principle has been eroded and eaten away by the special provisions which almost exclusively benefit upper income groups, we should now give a tax cut to those in the low- and middle-income groups, not only because it would have the greatest multiplier and be most effective in stopping the recession, but also because it is the fairest

method to gain a greater degree of justice in our overall tax system.

THE WRONG KIND OF TAX CUTS

Now, let us look at some of the tax-cut proposals which are the wrong kind of tax cuts either, first, because they would not stimulate the economy and thereby not stop the recession, or, second, because they are unjust and inequitable.

SO-CALLED ACROSS-THE-BOARD PERCENTAGE REDUCTION

One of the proposals which has gained a good deal of currency is that we should have an across-the-board tax cut of 5, 10, or 20 percent. The argument is that this is the right kind of a tax cut to have during a recession for it would not alter the tax structure or raise questions of equity over which there could be great delay and argument in Congress.

Mr. President, such a tax cut would alter the tax structure, and it would, further, be inequitable. It is not a cut which would be neutral in its effects. It would result in exactly the inequities which its proponents claim it would avoid.

First of all, who would get the greater proportion of such a cut? If one turns to pages 20 and 21 of the publication of the staff of the Joint Committee on Internal Revenue Taxation called Alternative Plans for Tax Relief for Individuals, he will find given the effects of a 10-percent across-the-board cut. I ask unanimous consent that the tables from this publication, showing the estimated distribution of such a tax reduction, and the burden tables for such a reduction, be printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

PLAN 10

Plan 10 would provide a 10-percent reduction in tax. This could be incorporated into the tax table so as not to make necessary a separate computation by the taxpayer.

Estimated distribution of the tax reduction under this plan

	Millions of dollars	Percentage distribution of decrease
Under \$5,000.....	742	20.3
\$5,000 to \$10,000.....	1,413	38.6
Over \$10,000.....	1,504	41.1
Total.....	3,659	100.0

Burden table for plan 10

SINGLE PERSON, NO DEPENDENTS

Income before deduction for personal exemptions	Present law tax	Plan tax	Reduction	
			Amount	Per cent
\$1,000.....	\$80	\$72	\$8	10
\$2,000.....	280	252	28	10
\$3,000.....	488	439	49	10
\$4,000.....	708	637	71	10
\$5,000.....	944	850	94	10
\$6,000.....	1,180	1,062	118	10
\$7,000.....	1,416	1,274	142	10
\$8,000.....	1,652	1,486	166	10
\$9,000.....	1,888	1,698	190	10
\$10,000.....	2,124	1,910	214	10
\$11,000.....	2,360	2,122	238	10
\$12,000.....	2,596	2,334	262	10
\$13,000.....	2,832	2,546	286	10
\$14,000.....	3,068	2,758	310	10
\$15,000.....	3,304	2,970	334	10
\$16,000.....	3,540	3,182	358	10
\$17,000.....	3,776	3,394	382	10
\$18,000.....	4,012	3,606	406	10
\$19,000.....	4,248	3,818	430	10
\$20,000.....	4,484	4,030	454	10
\$21,000.....	4,720	4,242	478	10
\$22,000.....	4,956	4,454	502	10
\$23,000.....	5,192	4,666	526	10
\$24,000.....	5,428	4,878	550	10
\$25,000.....	5,664	5,090	574	10
\$26,000.....	5,900	5,302	598	10
\$27,000.....	6,136	5,514	622	10
\$28,000.....	6,372	5,726	646	10
\$29,000.....	6,608	5,938	670	10
\$30,000.....	6,844	6,150	694	10
\$31,000.....	7,080	6,362	718	10
\$32,000.....	7,316	6,574	742	10
\$33,000.....	7,552	6,786	766	10
\$34,000.....	7,788	6,998	790	10
\$35,000.....	8,024	7,210	814	10
\$36,000.....	8,260	7,422	838	10
\$37,000.....	8,496	7,634	862	10
\$38,000.....	8,732	7,846	886	10
\$39,000.....	8,968	8,058	910	10
\$40,000.....	9,204	8,270	934	10
\$41,000.....	9,440	8,482	958	10
\$42,000.....	9,676	8,694	982	10
\$43,000.....	9,912	8,906	1,006	10
\$44,000.....	10,148	9,118	1,030	10
\$45,000.....	10,384	9,330	1,054	10
\$46,000.....	10,620	9,542	1,078	10
\$47,000.....	10,856	9,754	1,102	10
\$48,000.....	11,092	9,966	1,126	10
\$49,000.....	11,328	10,178	1,150	10
\$50,000.....	11,564	10,390	1,174	10
\$51,000.....	11,800	10,602	1,198	10
\$52,000.....	12,036	10,814	1,222	10
\$53,000.....	12,272	11,026	1,246	10
\$54,000.....	12,508	11,238	1,270	10
\$55,000.....	12,744	11,450	1,294	10
\$56,000.....	12,980	11,662	1,318	10
\$57,000.....	13,216	11,874	1,342	10
\$58,000.....	13,452	12,086	1,366	10
\$59,000.....	13,688	12,298	1,390	10
\$60,000.....	13,924	12,510	1,414	10
\$61,000.....	14,160	12,722	1,438	10
\$62,000.....	14,396	12,934	1,462	10
\$63,000.....	14,632	13,146	1,486	10
\$64,000.....	14,868	13,358	1,510	10
\$65,000.....	15,104	13,570	1,534	10
\$66,000.....	15,340	13,782	1,558	10
\$67,000.....	15,576	13,994	1,582	10
\$68,000.....	15,812	14,206	1,606	10
\$69,000.....	16,048	14,418	1,630	10
\$70,000.....	16,284	14,630	1,654	10
\$71,000.....	16,520	14,842	1,678	10
\$72,000.....	16,756	15,054	1,702	10
\$73,000.....	16,992	15,266	1,726	10
\$74,000.....	17,228	15,478	1,750	10
\$75,000.....	17,464	15,690	1,774	10
\$76,000.....	17,700	15,902	1,798	10
\$77,000.....	17,936	16,114	1,822	10
\$78,000.....	18,172	16,326	1,846	10
\$79,000.....	18,408	16,538	1,870	10
\$80,000.....	18,644	16,750	1,894	10
\$81,000.....	18,880	16,962	1,918	10
\$82,000.....	19,116	17,174	1,942	10
\$83,000.....	19,352	17,386	1,966	10
\$84,000.....	19,588	17,598	1,990	10
\$85,000.....	19,824	17,810	2,014	10
\$86,000.....	20,060	18,022	2,038	10
\$87,000.....	20,296	18,234	2,062	10
\$88,000.....	20,532	18,446	2,086	10
\$89,000.....	20,768	18,658	2,110	10
\$90,000.....	21,004	18,870	2,134	10
\$91,000.....	21,240	19,082	2,158	10
\$92,000.....	21,476	19,294	2,182	10
\$93,000.....	21,712	19,506	2,206	10
\$94,000.....	21,948	19,718	2,230	10
\$95,000.....	22,184	19,930	2,254	10
\$96,000.....	22,420	20,142	2,278	10
\$97,000.....	22,656	20,354	2,302	10
\$98,000.....	22,892	20,566	2,326	10
\$99,000.....	23,128	20,778	2,350	10
\$100,000.....	23,364	20,990	2,374	10

¹ Maximum effective rate limitation 87 percent of taxable income.

² Maximum effective rate limitation 78.3 percent of taxable income.

Burden table for plan 10—Continued
MARRIED COUPLE, NO DEPENDENTS

Income before deduction for personal exemptions	Present law tax	Plan tax	Reduction	
			Amount	Per cent
\$2,000-----	160	144	16	10
\$3,000-----	360	324	36	10
\$4,000-----	560	504	56	10
\$5,000-----	760	684	76	10
\$8,000-----	1,416	1,274	142	10
\$10,000-----	1,888	1,699	189	10
\$15,000-----	3,260	2,934	326	10
\$25,000-----	6,724	6,052	672	10
\$50,000-----	19,592	17,633	1,959	10
\$100,000-----	52,776	47,498	5,278	10
\$500,000-----	403,548	363,193	40,355	10
\$1,000,000-----	858,548	772,693	85,855	10

MARRIED COUPLE, 2 DEPENDENTS

Income before deduction for personal exemptions	Present law tax	Plan tax	Reduction	
			Amount	Per cent
\$3,000-----	120	108	12	10
\$4,000-----	320	288	32	10
\$5,000-----	520	468	52	10
\$8,000-----	1,152	1,037	115	10
\$10,000-----	1,592	1,433	159	10
\$15,000-----	2,900	2,610	290	10
\$25,000-----	6,268	5,641	627	10
\$50,000-----	18,884	16,996	1,888	10
\$100,000-----	51,112	46,721	5,191	10
\$500,000-----	402,456	362,210	40,246	10
\$1,000,000-----	857,456	771,710	85,746	10

Mr. DOUGLAS. It will be seen, first of all, that 41 percent of such a cut would go to those with incomes above \$10,000. Under the plan I propose, namely, cutting the tax rate on the first \$1,000 of taxable income from 20 to 15 percent, only 9.6 percent of the amount of the reduction would go to those with incomes above \$10,000.

In addition, such a plan would not be an across-the-board cut which would go equally to all income groups and which would be neutral in its effects. In fact, as the burden tables show, a married couple, with 2 dependents, with an income before deductions for personal exemptions of \$5,000, would receive a tax reduction of \$52 under the 10 percent across-the-board plan. However, a married couple with 2 dependents, but with an income of \$50,000 a year, would receive a tax cut of \$1,888, or 3 times as much, with an income 10 times as large. If their income were \$100,000, the income tax cut would amount to \$5,191. How can it be said that this is equitable, when a married couple with 2 dependents with an income of \$100,000 would receive a cut in taxes of \$5,191, as compared with a cut in taxes of \$52 for a similar family with an income of \$5,000?

I may say this is what was done in 1954, and it emphasizes the point which the Senator from Wisconsin made earlier in the afternoon. It was desirable to have an income tax cut, but the kind of cut made was not the best kind. On this side of the aisle, with few exceptions, we tried to have the cut given primarily in the form of an increase in the exemption of from \$600 to \$700 a person. We were defeated in that proposal, and then the alternative was the flat 10 percent cut, which was better than nothing, but by no means so good as the proposal which most of us on this side of the aisle supported, under the very able leadership, I may say, of the then distinguished senior Senator from Georgia, Mr. George.

When a family with an income of \$100,000 receives a cut of 100 times the

dollar value of a cut which would be received by a similar family with an income of \$5,000, it is hard to understand how this could possibly be called equitable.

The proposal which I have advanced would give every family with taxable income of \$1,000 or more, the same dollar cut in taxes—\$50.

It is a euphemism to call this 10 percent across-the-board cut one which does not raise questions of equity. It raises the most profound questions of equity. When one considers that our tax system as a whole is already almost proportional, in terms of total income—and, as the Senator from Wisconsin pointed out, it would be regressive in terms of the surplus above the necessities of life—it would be a disservice to the country and to the principle of taxation according to ability to pay, if we were to pass off such a cut as one which was equitable.

Therefore, such a 10 percent across-the-board cut would go in too great part to those with incomes above \$10,000 and would not have the desired economic stimulus. It would furthermore be inequitable by any standard or test of equity, and would raise the strongest objections on grounds of equity.

THE FALSE ARGUMENT THAT A TAX CUT SHOULD DIRECTLY STIMULATE INVESTMENT

It has been proposed in many quarters that we should have a tax cut which would directly stimulate investment. The advocates of such a cut argue that, as expenditures for plant and equipment have fallen to such a great extent, we should now greatly reduce corporate taxes, or the taxes of very high income groups, or the tax on capital gains, or that we should greatly liberalize depreciation allowances.

These, too, would be the wrong kind of tax cuts if the central purpose of a tax cut now is to stimulate the economy. We have already seen why a cut in personal income taxes for high income groups would have little effect in stimulating the economy. I shall now turn to these other suggestions.

The capital-gains tax is now at 25 percent, which, in general, is lower than the rate of the personal-income tax which those with large amounts of capital gains ordinarily pay. What has happened is that we have so broadened the concept of capital gains that it now includes far too many items which by any normal interpretation should be considered as ordinary income. Therefore, under our present tax structure, great amounts of ordinary income are now being taxed as capital gains at a 25-percent rate. This is one of the reasons why those on high incomes seldom, if ever, pay taxes at the statutory rates of taxation. Consequently, we should be thinking more in terms of closing the loopholes and abuses associated with the capital-gains tax and other erosions of the tax structure than of cutting the amount in half. If we were to lower the rate of capital-gains taxation from the present 25 percent to 12.5 percent, for example, as urged, this would merely mean that large numbers of people would be paying taxes on great amounts of

what should be ordinary income at rates below the 20-percent rate which we now apply to the first \$2,000 of taxable personal income. Inasmuch as almost all capital gains, both in number and amounts, are taken by the upper 5 percent of income groups, the effect of such a change would mean that high income groups would be paying an effective rate of taxation lower than the lowest income groups. This would be unconscionable.

There is, however, a more general reason why we should not consider at this time a tax bill the purpose of which is to stimulate investment. American industry is now operating at levels a great deal below capacity. The steel industry, as we all know, has been operating at 50 percent, or below its capacity. The automobile industry is presently operating at a level below one-half of its capacity and even in the calendar year 1955 was operating at about only 80 percent, when it produced almost 8 million cars. The manufacturing industries as a whole are probably not now operating at more than 70 percent of capacity.

If we were to be so foolish as to pass a tax bill to stimulate investment at a time when industry is operating at levels well below capacity, the tax cut would not be effective. Rather, most of it would be saved or placed in reserve until such time as industry was once again operating at or near capacity levels. At that time, the funds might be used to expand capacity. But one need only ask the question: Why should a particular industry, or industry as a whole, expand capacity at a time when the production is at 50 percent of capacity—or even at 60 or 70 percent? We need only ask the question in order to see the fallacy of the argument that we should now cut taxes in such a way as to directly stimulate investment.

The basic argument against increasing incentives for investment or for plant and equipment expenditures at this time is that such tax cuts would not be spent in any large part until after the economy had recovered. The best way to stimulate the expansion of plant and equipment is to increase purchasing power, which would increase the demand for the goods and services of industry, which would soon lead to increased production and eventual investment and expansion.

I may say in this connection that the most thoroughgoing treatment of the subject was given about 40 years ago by a friend and colleague of mine, Prof. John M. Clark, in an article in the *Journal of Political Economy*, dealing with the so-called accelerator principle, in which Professor Clark pointed out that slight fluctuations in the demand for consumer goods created great fluctuations in the demand for capital goods. That article, which is much too long and elaborate for me to discuss now, is really a classic in the treatment of the whole subject.

Finally, of course, a major tax cut which granted fast tax writeoffs, or a lower capital-gains tax, would be nothing more than a direct gift to big business. It would have no rightful economic purpose and the recession would merely be used as an excuse to grant

great favors to those who already have a disproportionate amount of worldly goods. It would be just one more example of this administration using the full weight of Government policy to favor the strong and well to do, while ignoring the needs of the weak.

If I may turn to a discussion of the 1954 tax cut, as a result of putting into effect the principle of accelerated depreciation and of providing credit for a certain amount of dividends directly against taxes and not merely against taxable income, there was a stimulation in the year 1955 of a great surge of investments, which continued in 1956 and 1957. The result, however, was that industry found itself with such a great capacity to turn out goods it could not sell the goods which industry could turn out at the prices which industry wished to charge. Therefore, having so-called surplus capacity, industry began to shut down and throw people out of work. I make special note of the fact that industry could have sold the goods if the prices had been lowered, but industry did not want to lower the prices, and had overproduction at a given level of prices.

I sadly fear if we were to stimulate investment in the same fashion now we would get into an even more aggravated situation in the years ahead, if not immediately ahead.

OBJECTIONS TO A TAX CUT—1. THE FEAR OF INFLATION

Now let us take up some of the objections to a tax cut; the first, of course, being the fear of inflation.

Perhaps the major objection which has been raised against a tax cut is that a tax cut now would be inflationary. I believe that an analysis will show that this is not true and that a tax cut now would not and need not be inflationary.

Inflation is defined as too much money chasing too few goods. This means that prices go up when an excessive amount of money is bid against a shortage of goods. At this time, however, we have an excess of goods, or at least an excess of capacity to produce goods. Therefore, increasing the money supply by a tax cut, which would be paid for by the sale of bonds and the creation of debt, would not produce an excessive amount of money relative to the quantity of goods. Rather, since such a tax cut would result in increased expenditures and increased production, it would stimulate the production of additional quantities of goods which would be added to the existing supply of goods, which is already somewhat in excess. That is the reason such a tax cut need not be inflationary. Of course, a tax cut during a boom period or during wartime would be inflationary, but we now face the opposite circumstances.

This point may be further emphasized by looking at the situation from a different angle. It has been calculated by the economists, both of the staff of the Joint Economic Committee and by individual experts who have appeared recently before that committee, that in order to obtain an unemployment level of only 4 percent for the year 1958, the economy would need to operate at a

level of gross national product in the neighborhood of \$460 billion.

At the present time, the level of gross national product has fallen, as I have said, from an annual rate of \$440 billion in the third quarter of 1957, to a level of \$422 billion as of the first quarter of 1958. We are therefore operating at levels which are in the neighborhood of \$40 billion below that needed to insure an unemployment level of only 4 percent.

It follows, therefore, that until such time in 1958 as we were once again operating at an annual rate of gross national product of about \$460 billion, additional expenditures, tax cuts, or purchasing power would not be inflationary, because we would be operating well below full employment conditions. Further, since our economy should grow each year because of an increase in the labor force and of productivity, we should need to attain a gross national product of about \$475 billion in 1959 and \$490 billion in 1960 before there would be any major threat of inflation with an unemployment level of 4 percent.

If we assume that without a tax cut we shall have a deficit of about \$9 billion to \$10 billion for the calendar year 1958, and if we assume that a tax cut would increase the deficit to about \$15 billion, would this deficit of \$15 billion, or a combination of say a \$6 billion tax cut and a \$9 billion ordinary deficit, create inflation? The answer again appears to be that this would not happen at these levels of activity.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. This is the kind of statement which has puzzled me a little. As the Senator has pointed out in his address, he says that this would not represent a net deficit or loss of revenue of \$6 billion, but a loss of revenue of only \$1½ billion.

Mr. DOUGLAS. That is correct.

Mr. PROXMIRE. Therefore, are not the correct figures, not a \$9 billion ordinary deficit plus a \$6 billion tax cut, but a \$9 billion ordinary deficit plus a net effective tax cut of \$1½ billion?

Mr. DOUGLAS. I think that is more accurate. Suppose we take the figures in their crudest form. We get a \$6 billion tax cut. Nevertheless, this would create additional income, so that it would not really send prices up.

Mr. PROXMIRE. I merely wished to be sure that this statement is not taken out of context in order to make it appear that the distinguished Senator is advocating a \$15 billion deficit. The effect would not be a \$15 billion deficit, but a \$10½ billion deficit.

Mr. DOUGLAS. I am very glad the Senator from Wisconsin has said that. Perhaps he has protected me against unkind critics.

Suppose, however, that we did have a tax cut and that the tax cut was effective. If a tax cut turned the economy upwards once again and we once again were operating at full employment levels—and the chances of attaining those levels either this year or even next year now appear to be very slim indeed, with the policies which the Eisenhower ad-

ministration has adopted—there is no reason why the Federal Government through monetary policy, fiscal policy and budgetary policy should not and could not act in time to stop any threat of inflation.

In other words, what they are afraid of is not inflation now, but inflation later. They can always decrease the total quantity of monetary purchasing power in the country by open market operations, selling Government bonds, and thus decreasing the balances of member banks in the Federal Reserve System, and hence decreasing their ability to lend.

It is extraordinary that Mr. Martin, chairman of the Federal Reserve Board, who places such a great reliance upon open market operations, seems to place very little reliance upon open market operations as a means of checking inflation later if needed.

The danger is not that of inflation but that even decisive and major action now—including a \$6 billion tax cut—will be less than adequate to bring recovery and full employment.

It was the unanimous opinion of the six experts who appeared before the Joint Economic Committee on the day only 2 weeks ago when the question was asked, that the fear of future inflation should not prevent the Government from acting in a major way, and that inflation would not be a major threat as a result of a \$6 billion tax cut. That was the unanimous opinion of the experts and the basic reasons for that unanimous opinion are the existing low levels of gross national product and the excess of goods and services which is now to be found in the economy.

But, some will say, what about prices? The consumer price index now remains as high as it has ever been. We appear to be having a cost-of-living inflation at the same time that we are in a serious recession. This is true. The question becomes, first, will prices increase as a result of major Federal action; and second, will prices come down if we wait longer before we act. The answer to the first question has already been given. As to the second point, one must examine the nature of and the reasons for the rigidity in the price levels.

First of all, the consumer price index largely reflects retail prices. These prices, traditionally, lag behind a drop in prices at the wholesale level and a drop in prices of raw materials. The price of raw materials—the so-called primary product, of which we have a daily index—has been going down for almost a year and one-half and the failure to note this decline and to act on it led the Federal Reserve Board to continue to fight inflation as late as August of 1957 when the real problem was that of a recession, which was not detected.

Secondly, it is unfortunately true that too many prices are set by monopoly action and are what are called administered prices. We have seen that the steel industry, as just one example, has not only failed to lower prices as the demand for its products have dropped by one-half, but is even contemplating raising prices. The automobile industry

has raised prices at a time when it is producing at an annual rate of 4.2 million cars against a potential capacity of 9 to 10 million cars. Therefore, these prices are very rigid and are not the result of normal supply and demand conditions, under competition industries which have what are called high fixed costs, often prefer to keep prices up and reduce production rather than to reduce prices and increase production. They claim that their profits are as great or greater at high prices and lower levels of production.

Therefore, if we wait and wait until the prices of the goods of these monopolistic and semimonopolistic industries drop, we shall have to wait for a very long time indeed.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. PROXMIRE. I invite the attention of the distinguished Senator from Illinois to a very helpful analysis of the whole problem by Prof. Abba P. Lerner, of Johns Hopkins University. It seems to me that we are suffering from a misunderstanding of the causes of inflation. It is puzzling to the people to understand how there can be unemployment, and unfortunate economic conditions in which business is going downhill, and at the same time, rising prices.

I believe the observations of Professor Lerner are so pertinent to this discussion that, with the permission of the Senator from Illinois, I should read an excerpt from his statement.

Mr. DOUGLAS. I shall be glad to have the Senator do so.

Mr. PROXMIRE. He points out that we usually expect excess demand to be the cause of any inflation. However, he says:

Prices may rise because of pressures by sellers who insist on raising their prices even though they may find it not especially easy to sell.

He calls this a sellers' inflation. I think that is a very helpful concept.

We would then have not a buyer-induced inflation but a seller-induced inflation. To distinguish this from the kind of inflation we have discussed above, and which we may call a buyer's inflation (or demand inflation), we may call this kind of inflation a seller's inflation.

I think we are all familiar with the kind of development in the economy which has been taking place recently.

A seller's inflation could be started by an increase not in the wage asked, but in the percentage of mark-up of price above cost. Prices would rise and wages would then be raised by workers in attempts to maintain (or restore) their original buying power. Business would then "innocently" raise their prices again only in proportion to the increase in their costs, and we would have the inflation upon us as well as boring discussions about who started it first and the famous chicken and egg.

Professor Lerner concludes by saying:

All this brings us to the perhaps only too obvious conclusion that sellers' inflation cannot be cured or prevented by measures directed against excess demand by buyers. It can be successfully treated only by attacking the pressure on prices by sellers.

The initiative in this inflation, on the basis of any kind of competent economic observation, has come from the sellers rather than the buyers. We can see that obviously, in view of the great excess of capacity and deficiency of demand.

Mr. DOUGLAS. The Senator is entirely correct.

I have personally offered a suggestion to the automobile industry as to how they could lower prices without decreasing profits. They seem, however, to be very reluctant to accept such an idea and I have personally about lost hope that they will ever be willing to reduce prices in any meaningful way.

Finally, I am proposing to reduce or repeal excise taxes in the amount of about \$3 billion, for this is a direct way by which the price of autos, transportation of property, local phone service, long distance service, TV sets, radios, air conditioners, clocks and watches, and hundreds of other goods and services can actually be reduced in price. Yet, and this is a great anomaly, there are those who claim that a tax cut, including a reduction in excise taxes of something on the order of \$3 billion, which would have the effect of reducing prices almost immediately would be inflationary. They cannot claim that a reduction in prices would be inflationary.

They cannot claim that a reduction in price is inflationary. It is the opposite of inflationary. When I read such arguments made by persons in high places, it reminds me of the statement attributed to Benjamin Franklin, who is quoted as having said: "An excellent thing it is to be a reasonable preacher, because it always enables one to give a reason for what one wants to do and believe." In fact, such a tax cut is probably the best method of lowering the cost of living at this time of highly administered, semi-monopoly, industrial prices.

Mr. PROXMIRE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Illinois yield to the Senator from Wisconsin?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. Is it not correct to say that the principal motivation for the excise taxes was to restrict and discourage buying during the war period?

Mr. DOUGLAS. The Senator is correct.

Mr. PROXMIRE. So that the economy could channel its production into the war effort.

Mr. DOUGLAS. That is correct.

Mr. PROXMIRE. In view of the fact that we now have a situation in which we wish to encourage people to buy, and not discourage them from buying, does it not make all the sense in the world to repeal the excise taxes, so that people will not be discouraged from buying automobiles and other commodities, but will buy them?

Mr. DOUGLAS. So it seems to me. I become more and more amazed as I find leading financial authorities opposing such a program. I become more inclined to believe that reason does not seem to be a guide to action but an excuse for prejudice.

2. THE INCREASED NATIONAL PRODUCT WILL RAISE REVENUES APPRECIABLY

By how much will a tax cut actually increase the public debt? The fact that the deficit for 1959 is likely to be far more than the administration estimated just a few months ago, tends to deter many from supporting a further cut in tax rates. "Why should we increase the debt still further?" they ask.

Perhaps I should digress here to say that the administration was not only grossly wrong in its revenue estimates it sent to Congress in January, and which were prepared, probably, in December, but some weeks later Secretary Anderson, when appearing before the Finance Committee, stood on the same estimates and refused to write them down, when conditions had already developed to the point where it was perfectly obvious they were not going to be fulfilled.

Therefore, the administration has misled Congress and the country throughout most of the winter as to what was going to happen. Now they throw up their hands and say we will have a \$9 billion or \$10 billion deficit because of the recession, and use that as an argument why we should not do anything further about the recession.

The Senator from Wisconsin and I have shown that a \$6 billion cut would probably increase the gross national product by about \$18 billion. When this happens, the amount of Federal, State, and local tax receipts will rise. At present, about one-quarter of the gross national product is collected in taxes for these bodies. That is estimating the revenues of the State, county, and local governments at about \$30 billion.

It seems safe to estimate that about this proportion of the increase will go for these purposes. This would mean an increase in total revenues of \$4.5 billion above what they would otherwise be and would mean that the net loss in revenue would only be in the neighborhood of \$1½ billion. This would seem to be a small price for an increase of \$18 billion in gross national product which would be 12 times as much. To reduce unemployment markedly and to start production up would be worth this outlay.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. The Senator from Illinois is again being extremely conservative and careful, I believe. What he has said is based on the assumption that there would be a multiplier effect and that it would not go any further than that. He is not taking any credit for the probability that the tax cut would start the economy moving ahead, or the very strong possibility that, far from losing \$1½ billion, there might very well be a net gain for the budget. As a matter of fact, I have read that in Austria there have been four tax cuts during the past few years, and that the yield of revenue they now have is higher than it was before the tax cuts began.

I know there are many other factors involved, but its principal effect would be in starting the economy in the right direction. The total net effect on the budget may not be minus at all, but plus.

Mr. DOUGLAS. I did not take into account possible intangible effects of a tax cut, such as reviving the spirit to purchase on the part of the people. This is merely what would come from a direct outlay of additional purchasing power. It does not deal with possible independent effects on individuals. To the degree that this would be sparked by a tax cut, it is quite possible, as the Senator from Wisconsin has said, there would be no net loss of revenue. However, I am not claiming that, because it is intangible and hard to prove. However, if the recession continues, we will have a continued loss of revenues, which will be very great.

I have been operating on an annual basis. If we were to have a depression such as the one of 1929-1932, the loss of revenues would be tremendous, for in that period the gross national product was almost cut in half. We would have saved money if we had prevented a further fall or continuation of the decline.

Mr. PROXMIRE. So there would be a great saving, for a tax cut does one of two things; it either starts the economy moving uphill or prevents it from going downhill.

Mr. DOUGLAS. Yes.

Mr. PROXMIRE. It is most likely to have either or both of those effects. The logic of the situation is that the budget will be much better off than even the Senator from Illinois has indicated.

3. THE CHARGE THAT A \$5-\$6 BILLION TAX CUT WOULD BE INEFFECTIVE

Mr. DOUGLAS. There is another charge, which was briefly referred to by the Senator from Oregon [Mr. NEUBERGER], namely, that a \$5 billion or \$6 billion tax cut would be ineffective.

It seems very curious that some of the same people who are saying a tax cut would be inflationary are also saying it would not help because it would amount to only a dollar or two per week, or that it would be saved, or that it would merely be spent for food or items which would not add greatly to the sum total of consumption.

We have already seen that a \$6 billion tax cut which went primarily to low income groups would be spent, for we know that as long ago as 1950, those families with incomes below \$4,000 per year appeared to be "dis-savers" in that their consumption expenditures plus their debts were greater than their incomes. These people would most certainly spend any tax cut they received.

What about the argument that it is only a dollar or two per week? It may be true that the amount, when broken down by daily or weekly expenditures, does not appear to be very large.

However, the aggregate is very large, when distributed over 60 million taxpayers and the effect on the economy of a \$6 billion cut, plus the multiplier effects, would be very great. A tax cut cannot be both inflationary and of no aid to the economy. If it is to be inflationary, it must first give the economy quite a stimulus.

However, a \$6 billion tax cut, or the equivalent of \$100 per person, would amount to a wage increase of 5 cents an hour. On a \$2,000 a year salary that

might not appear to be a large increase, but people have gone on strike for many months to obtain such an increase.

As I have said, we can concentrate a tax cut by providing that the reduction go from 20 percent to 10 percent for 6 months, rather than from 20 percent to 15 percent for 12 months. A \$50 saving would be concentrated in 26 weeks, and that would amount to \$2 a week plus the savings received from a cut in excise taxes.

How does it compare with previous tax cuts? Some of the spokesmen for the Eisenhower administration have claimed that the 1954 tax cut was responsible for ending the recession of 1953-54. The components of that tax cut were:

First. A 10-percent reduction in the rate of personal income taxes effective January 1, 1954, which amounted to an estimated revenue loss of \$3 billion on an annual basis;

Second. The expiration of the corporate excess profits tax as of January 1, 1954, with an estimated annual revenue loss of \$2 billion;

Third. A cut in March of 1954 of \$1 billion in excise taxes;

Fourth. An annual revenue loss of \$1.4 billion as the result of the passage of the Internal Revenue Act of 1954 on August 16, 1954, with various later effective dates for the changes in the law.

Therefore, that portion of the 1954 tax cut which went into effect in 1954 amounted to \$3 billion in personal income taxes, \$1 billion in excises, and \$2 billion in corporate taxes, or a total of \$6 billion. The \$1.4 billion revenue effects of the changes in the Internal Revenue Code could not have had any major effect in 1954. Further, when one looks at the personal and excise tax cuts, they amounted to only \$4 billion in 1954, on an annual basis, and these, of course, had the major stimulating effect on the economy, although they were not so well distributed as many of us had wished.

The President's 1955 Economic Report had this to say about the effect of tax cuts on the 1953-54 recession:

The contraction was relatively mild and brief, because of a variety of timely public and private actions.

The Government cut taxes . . . the decline in private incomes was automatically cushioned . . . by sharp cuts in taxes due the Government on the reduced incomes. (P. iv.)

In other words the President was preening himself in 1956 on how he helped the country to get out of the 1954 recession by a tax cut. Then, on page 7, he went on to say:

The most powerful and pervasive of these actions have been of a fiscal and monetary nature. . . . These fiscal and monetary measures stimulated constructive economic attitudes and behavior on the part of consumers and businessmen. They fostered the expectation of improving economic conditions, reasonably stable prices, efficient housekeeping by the Government, and tax reduction in the future.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. If the Senator from Illinois were to make the kind of optimistic claims which the President

made for his tax cut in 1954, he would go far beyond the 18 billion increase in personal income, and would make certain that it would not cost the Treasury \$1,500,000,000 to make that kind of tax cut, but that the Treasury would be greatly benefited.

Mr. DOUGLAS. The administration has never been backward in claiming credit for all the fine things which happened to the American economy. I listened to Mr. George Humphrey, when he spoke for several days last June before the Committee on Finance and claimed credit even for an increase in travel in the national parks, which he said was due solely to the Eisenhower administration. But the gentlemen who claim credit for the sunshine are reluctant to assume any responsibility for the rain.

Let me read a quotation from the statement by Mr. Humphrey himself. The inspired stories which are being published in the financial journals are to the effect that Mr. Humphrey is very much opposed to a tax cut. When he was asked how he could have favored a tax cut in 1954 but does not favor one today, he replied that the tax cut in 1954 was an honest cut, while a tax cut today would be a dishonest one. What Mr. Humphrey proposes is honest; what someone else proposes is dishonest.

I wish to read, from the mouth of Mr. Humphrey himself, the testimony which he gave on June 18, 1957, before the Committee on Finance in its investigation of the financial condition of the United States. I read from page 19 of the hearings. Mr. Humphrey was speaking about 1953-54.

We were, at that time, more concerned with preventing a decline in employment and production than with a rise in prices. Taxes were reduced, and the administration relaxed down payment and maturity terms on FHA- and VA-guaranteed housing loans.

He mentioned, in a few words, that the Federal Reserve policy also was eased. Then he continued:

The decline was stopped and a sound economic expansion got under way with renewed public confidence in the courage of the administration and the flexibility of its policies.

Last year Mr. Humphrey claimed credit for the revival in 1955 because of the tax cut of 1954, but this year he says that a tax cut in 1957 would not have the same effect. Once again, Mr. Humphrey's use of reason seems to conform to the definition given by Benjamin Franklin.

I point out here, Mr. President, that the quotation from page 7 of the President's 1955 Economic Report is under the heading "Steps Taken During 1954 To Build a Stronger Economy" and the subheading of "Fiscal and Monetary Actions." The fiscal measures to which this report must refer are the tax cuts of 1954. If these cuts stimulated such "constructive economic attitudes," and if they fostered the expectation of "improving economic conditions, reasonably stable prices," and so forth, surely a tax cut of \$6 billion in 1958, which I am advocating, should have the effect of improving economic conditions. Surely, if the tax cut of 1954 fostered the expectation of "reasonably stable prices," the

administration cannot argue that a tax cut in 1958 will be inflationary. By their own words, let them be known.

Therefore, when one hears the argument either that a tax cut now would be inflationary or that a tax cut now would have little effect, one need only read what was said about the 1954 cuts. They were not inflationary. Further, the effective cuts of about \$4 billion in that year were a major stimulus to the economy, although they were not so well distributed as they should have been.

I think it can safely be said, therefore, that a cut of \$6 billion in personal income taxes and excise taxes in 1958, distributed as I have said the cuts should be, would have a stimulating effect on the economy, and that the arguments that such cuts would amount to only a dollar or two a week and would therefore be inadequate are clearly misleading. They are misleading because a \$6 billion cut in personal income taxes and excise taxes would be the biggest cut of its kind ever given in the history of our country.

4. THE ARGUMENT THAT IT WOULD NOT DIRECTLY HELP THE UNEMPLOYED

One of the most curious arguments against a tax cut is that such a cut would not help the unemployed. It is true that the unemployed would not be helped directly, for with no income they are currently paying no taxes. However, there is no way to help the unemployed directly except by increasing or extending unemployment compensation. We certainly should do that, and do it immediately, and I hope that we will pass a far better bill than the phony measure which unfortunately was passed by the other body, and which in hearings last week before the Committee on Finance was riddled as being illogical.

It is interesting that many who argue that a tax cut would not help the unemployed are now opposing any constructive action to extend the period or increase the amounts of unemployment compensation. However, the House-passed unemployment compensation bill, which the administration has now embraced, will have very little, if any, beneficial effect for the unemployed.

The question then becomes, How may we best help the unemployed indirectly? The answer to that question is that a tax cut is the most immediate and the quickest way by which this can be done.

WHAT ABOUT PUBLIC WORKS?

We should not oppose the expansion of needed public works during a period of recession. But we should not have too much faith in them or give them top priority. First of all, a recession is too often used as an excuse to increase public works indiscriminately. Every Congressman's pet project—some of which are costly, inefficient, and indefensible on economic grounds—is pushed in such a period.

Furthermore, even when they are efficient and economical, such public works are very slow in their effect on the economy. Plans in most instances, must be drawn; bond issues must be floated in some cases; land must be purchased, with all the delay consequent upon such purchases; contracts must be advertised and

let, and so forth; and labor and materials must be assembled before a single job is created.

It takes many months, and even years, to carry out this kind of activity. By that time, the question whether the recession will deepen into a depression or will be turned around will have been settled.

Moreover, even these projects which can be begun early will not necessarily be built in the localities where the unemployment exists. Some persons are advocating a great increase in authority to build public works projects on our major and minor rivers. Others are pressing for additional reclamation projects. These projects—even those which are very worthy in and of themselves—are not calculated to provide jobs in the automobile, steel, and fabrication industries where the major unemployment exists.

To build more dams on the upper Colorado will not help unemployment in Detroit, Pittsburgh, Chicago, Philadelphia, or Altoona.

Some very sincere persons, who recognize the great inadequacy our Nation has in the number of schools, hospitals, and in proper housing for those who now dwell in the slums, are pressing for action on these fronts, instead of tax cuts. Of course, these projects should be passed on their merits. We need them, and need them very badly. However, such increases have not been proposed by the administration as antirecession measures. Instead, the administration is trying to cut them. The school-construction program has been abandoned by the administration. The housing program for low-income families is being kept at a minimum. The hospital building program under the Hill-Burton funds, according to the administration, is to be cut back. The urban renewal programs are to be reduced. The administration is trying to cut all of these.

Those who favor schools and hospitals, instead of tax cuts, are likely to find that most of the money will have been spent for less desirable projects in the wrong places, and too late to affect the course of the recession. The fact that money has been spent for the less desirable projects will then be used as an argument why we should not further appropriate funds to build schools and hospitals and clear the slums. They will probably not get these worthy projects, and the recession will continue. That will be the worst of both worlds.

Mr. President, we should give priority to schools, hospitals, and slum clearance because we need to do it, whether we have a recession or do not have a recession. But public works cannot be relied upon to give the economy the needed stimulus to change the direction in which economic forces are moving. A school or hospital built next year or 2 years from now will not stop the recession today.

CONCLUSION

Mr. President, to summarize briefly this rather long speech:

An immediate tax cut of at least \$6 billion is the most immediate and effective way to stop this recession. Monetary policy can have only a limited ef-

fect. Public works are too slow, and, more often than not, they are built in the places where unemployment does not exist. Unemployment compensation should be increased and extended; but it is primarily a measure to help those who are in great need, although it has incidental stimulating effects on the economy.

A tax cut to low-income and middle-income groups would increase purchasing power and therefore would stimulate demand, production, employment, and investment. A repeal or reduction of the excise taxes would serve to lower prices, which would also stimulate demand and would remove any possible question that a tax cut would be inflationary.

In a recession, tax cuts should, along with unemployment compensation, have first priority. They should not be left as a last resort, as they have been in this recession. They should be used first and decisively; and it is a measure of the inadequacy of Federal policy that in this recession we have had to wait so long, and we may have to wait forever, before there is any action on them.

One further word is necessary: Even if the economy should be "bottoming out," to use that inelegant phrase, or even if we get an upturn in the fall or at the end of the year, we shall continue, in the absence of any concerted or major action, to have very high levels of unemployment. Therefore, a tax cut should not be made contingent upon a continuation of the present rate of decline, or be rejected because the recession is getting worse at a slower rate, or is "bottoming out," or that the economy will turn up in the fall. A tax cut should be made unless there are clear and overwhelming immediate signs that the economy has turned upward with a thrust which will bring us back to full employment levels at a rapid pace. In the absence of that kind of evidence—and we do not have evidence of that kind—we should cut taxes, and cut them now, before it is too late. The time to act is now. Indeed, the time to have acted was many weeks ago. But better late than never.

Mr. President, before I yield the floor I ask unanimous consent that a series of articles and editorials from the Washington Post and the New York Times be printed at this point in the RECORD.

The articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post and Times Herald of May 1, 1958]

TIME FOR A TAX CUT

The new employment figures ought to end the indecision about a tax cut. Although the total number of unemployed persons declined slightly in the month ending April 15, the increase in employment did not reflect more than the usual seasonal gain. The actual rate of unemployment—the ratio of the number of unemployed persons in the labor market to the number of jobs—rose from 7 to 7.5 percent. This country, and the Free World, simply cannot afford such continued attrition of the American productive economy.

Despite President Eisenhower's noncommittal comments at his news conference yesterday, we think the time for action has arrived. There are, to be sure, some favor-

able items which can be cited: Savings remain high, consumer spending has held up reasonably well, housing starts and machine-tool orders have increased, and certain specific sales campaigns have shown good results. But one overwhelming fact remains: The economy is not expanding; it is still contracting, and the erosion has not been halted.

It is, of course, possible that the economy is beginning to right itself, and that within a few months it would be back on the up-grade even without a new stimulant. But the possibility is "iffy," and even if the optimistic estimates should turn out to be well founded, the question is whether the Government of the United States can afford to wait. We think it cannot. The goods and services which are not now being produced are irretrievably lost. At a time when American industrial production fell 11 percent, Soviet industrial production during the first quarter of this year rose 11 percent. This is a sobering comparison for Americans, and it is even more sobering in the reaction on other Free World nations which are beginning to feel the pinch of the recession in the United States.

The present consideration, it seems to us, ought to be not whether the Government should act, but how. We favor an across-the-board cut in income taxes of limited duration, such as proposed by the Committee for Economic Development, as the sort of measure most likely to produce the needed stimulus quickly.

A tax cut would be preferable to a massive program of public works which could not take effect soon—although more governmental spending, not for "leaf raking" but for programs to meet essential national needs, is certainly desirable. A reduction of income taxes also would be preferable at this time, from the standpoint of effectiveness and fairness, to any general tinkering with excise taxes which might open the door to a host of special-treatment pleas. Moreover, an income tax cut could be so applied as to minimize the danger of additional inflation by resuming current rates when other governmental spending programs began to take hold.

The precise amount, duration, and coverage of the tax cut are properly matters for discussion—though we hope not too lengthy discussion. The CED has suggested a 20-percent general reduction lasting until March 31, 1959, at a cost (beginning 5 weeks ago) of \$7.5 billion. It might be feasible to curtail the period of the cut somewhat so as to make it coincide with the calendar year 1958. The objective, in any case, is to have a cut that is both great enough and of long enough duration to make a major impact on consumer spending and hence on business investment and expansion.

What is essential in any tax-cut program is to avoid letting it become an excuse for shirking other national and Free World responsibilities. This will be a great test of the maturity and vision of Congress. It is important to put more Americans to work, but this is only one of the requirements before the country. It is also important to have Americans decently schooled, to have cities renewed, to provide the highways and other facilities commensurate with the demands of a growing nation. And if these are important, it is no less important to look to the health of the Free World—to expand trade, to maintain alliances and to assist in the economic development of independent countries.

Thus a tax cut cannot be allowed to preclude the additional governmental expenditures needed to meet the domestic needs of a great Nation. Nor can it be allowed to detract from the necessary improvement of defense or from the expansion of development programs abroad. Any tendency to take an either-or approach in Congress,

to view a tax cut as a substitute for schools or to retreat into economic isolationism at the expense of the remainder of the Free World, must be resisted emphatically as the narrowest kind of folly.

The aim must be to do all of these things: to support a higher rate of governmental spending domestically, to maintain and expand programs abroad and to give the economy the stimulus it needs to resume its growth. Only with such a purpose can the country expect to meet its responsibilities and to provide the expanded bases of production and consumption necessary for the next decade. The United States can recover from the effects of a temporarily unbalanced budget. What it cannot recover from nearly so readily is a prolonged period of sluggishness and economic shrinkage, of failure to keep active the dynamism so essential to the success of the competition in which the Free World is engaged.

For these philosophical and practical reasons we hope that President Eisenhower and the administration will conclude that the time has come for action without further costly waiting; and if the administration delays we hope that the leaders in Congress will themselves press considered tax-cut legislation. A tax cut surely will not be a miracle cure for the recession, but it is medicine of the right sort, and the patient is ailing.

[From the Washington Post and Times Herald of May 18, 1958]

DEFICIT SCARE TALK

We share the views of the economists who hold that a Federal deficit in a period of recession is a useful stimulant, tending to compensate for lagging private consumption. For that reason we are not dismayed at recent administration forecasts of a \$8 billion or even a \$10 billion deficit for fiscal 1959, on top of a probable \$3 billion deficit in the current fiscal year. But neither are we persuaded that these forecasts for the year beginning July 1 are worth very much. They depend upon revenue estimates which even the Secretary of the Treasury will not state publicly because they are so uncertain. And they also depend upon spending estimates to which the administration is in no way committed. Many who cite the spending estimates are fundamentally opposed to the spending itself.

Yet the prospect of a big 1959 deficit, even without a tax cut, is being used by Secretary Anderson and Budget Director Stans to bolster their arguments against antirecession tax relief. If their views should prevail and no tax cut were enacted by this Congress, there would then be nothing to prevent the administration from revising downward again the 1959 spending program. There would be every reason to expect such a revision. Officially, the spending program has never been increased above the \$73.9 billion level projected in the January budget message. Moreover, in forecasting a \$78 billion outlay last month, Mr. Anderson refrained from saying where the increases would take place. And since Congress does not control actual spending directly, the Budget Bureau could make the downward adjustment just as it did last year on defense and other programs.

The result thus could be that the economy would receive the benefit of neither increased spending nor a tax cut; the administration has made plain often enough that it really doesn't favor either method of combating the economic slump. It has been content to rely almost altogether on measures of credit expansion, which in 5 months have not turned the tide, and upon hopeful expectations of higher demand for consumer durable goods, of which there is no early prospect.

We said in January, when the President submitted his budget, that it does not measure up to the challenge of the times. The

budget called for—and still calls for, despite recent revisions—a reduction in appropriations for next year from this year's requested levels. The slight increase in actual spending then projected, and still officially projected, is an increase of about 1½ percent, which, as we then noted, is less than the rate of normal economic growth and probably not more than what is required merely to offset inflation. Since then, the economic challenge confronting the country has taken on grave new aspects, both in the deteriorating domestic business picture and in the fresh evidence of expanded activities and opportunities for rival Soviet economic growth.

We do not think that the increased spending which is needed to meet urgent domestic and defense requirements would cure the present recession tomorrow or the day after, although a determination, alone, to expand necessary spending would do much to restore confidence. But it does seem clear that if the Federal Government shrinks from meeting these needs, if it fails to refurbish and expand the framework which it alone can provide for a growing private economy, the recession could become permanent stagnation, or worse.

To help prevent a further sag, temporary tax relief now seems to us a matter of the greatest urgency. But along with immediate tax cuts, there must be a determination to put aside once and for all artificial economic ceilings of every variety. In this the Government must take the lead. It can hardly expect to give the consumer confidence to buy a new car when, at the same time, it seeks to cut back on funds for new schools and new cities. Nor can it shortchange defense and, simultaneously, foster the confidence that must undergird private spending. And it most certainly cannot lick the recession by trying to scare the country with loose talk of imaginary deficits. The time has come to begin budgeting the Nation's resources to meet the Nation's needs.

[From the New York Times of May 2, 1958]

ANTIRECESSION MEDLEY

The administration's policy of attacking the steadily lengthening business recession by the device of wishful thinking seems to have moved into the desperation stage this week. This is the only logical explanation that suggests itself from the extraordinary action by the Department of Commerce in rushing into print nearly a fortnight ahead of schedule with a partial preview of the employment figures for the month March 15-April 15.

It is customary for the Commerce Department and the Labor Department—which cover different, but complementary, aspects of the employment situation—to combine their figures in a joint release, which is made public around the 10th or 12th of the month. But on this occasion the Department presided over by that congenial optimist, Mr. Sinclair Weeks, decided it would be justified in beating the gun.

What was the justification for this piece of unilateral action? It was, one must suppose, a statistic that had come to light revealing that the number of the unemployed had turned down, between March 15 and April 15, by 78,000. By getting this statistic into the morning papers of Wednesday it would be virtually a sure-fire subject of comment by President Eisenhower at his Wednesday morning news conference. At any rate, that is what happened. The President did what was plainly expected of him. He cited the microscopic decline in unemployment as an example of what he called the continued and emphatic evidence of a flattening out in the economic decline. He added, however, perhaps under the prodding of his conscience, that if the statistics were subjected to seasonal adjustments it could not be interpreted quite as favorably.

That last sentence was a gesture in the direction of realism, but even as a gesture it was a feeble one. The fact is that this decline in unemployment of 78,000, far from being a cause for optimism, constitutes clear and impressive testimony on the further deterioration in the employment picture. If the January-April figure on unemployment had conformed to the normal seasonal pattern we would have had a decline of something like 400,000. What we got was a decline of about one-fifth that number. It is for the purpose of providing us with an accurate picture of prevailing relationships of this kind that we have seasonally adjusted figures, and such a figure was provided in this case. It shows that the percentage of the civilian labor force unemployed rose from 7 percent in February-March to 7.5 percent in March-April.

Fortunately for the administration, thoroughly timid though its handling of the recession problem has been, the opposition, despite its predominant strength in the Congress, is in no position to charge it with a monopoly on ineptitude. The administration has indicated that it has a clear picture of what form decisive action should take, but has continued to flinch from taking such action in the mistaken hope that it wouldn't be necessary.

The floundering of the Democratic leadership has differed only in character, not in degree. Having toyed fondly over the fleeting months of the recession with the discredited panacea of public works, it is now belatedly turning to a consideration of tax reduction. But one finds it difficult to generate very high hopes for the kind of tax reduction that might be expected to emerge from a political leadership that regards such action as a sort of last-minute substitute for a grandiose program of public works.

[From the New York Times of May 10, 1958]

OUR "FLATTENING" ECONOMY

It has been customary for some time now for the Department of Commerce and the Bureau of Labor Statistics of the Labor Department to combine their figures on employment and put them out in the form of a joint release about this time each month.

It will be recalled, however, that this rule was suddenly fractured with respect to the statistics covering the month March 15-April 15. The Department of Commerce decided to beat the gun, which it did by releasing its own figures independently on May 1, or more than a week before the scheduled release of the combined figures of the two Departments. What was the justification for this extraordinary act by the Commerce Department? Viewed circumstantially against the background of the Commerce Department's more or less notoriously Pollyannaish mentality where business is concerned, the only conclusion seemed to be that the Department couldn't wait to announce its discovery that unemployment had declined in the period from mid-March to mid-April. The fact that the decline was only a single fraction of what it should have been on a seasonal basis and was, in fact, scarcely more than the allowable margin of error, even on an unadjusted basis, was apparently regarded as of little consequence.

This week, running strictly on schedule, the Bureau of Labor Statistics has released its own, complementary figures. These statistics, which are in the general nature of an analysis of the Commerce Department's figures, do not make very enjoyable reading. They show that in absolute terms the drop in factory jobs was 267,000. Of this 267,000, moreover, 100,000, or 37 percent, could be attributed to seasonal influences. The other 63 percent, in short, was caused by the recession. In absolute terms

the employment in all nonagricultural establishments showed a rise, though a microscopic one, of 56,000. Placed on a seasonally adjusted basis, however, this is transformed into a decline of nearly 3 times that number—to be exact, 160,000.

There is little in these statistics that show we are close to the point when we may look for a rebound in the economy. Even if one were to accept the frequently reiterated statement that a saucer out of the decline is now close at hand, this would not make any less desirable—not to say urgent—decisive action in the form of a sizable tax reduction.

The chief argument against such action by the administration seems to be that it would mean a substantial budget deficit. Perhaps the reply to the argument was best stated recently by Dr. Nell Jacoby, dean of the Graduate School of Business Administration, University of California, and former member of the President's Council of Economic Advisers. As Dr. Jacoby points out, we already have a deficit. Moreover, he adds:

"This deficit (now put at \$1.5 billion) will become larger as the business recession reduces the tax base, which is the amount of personal income and corporate profits on which taxes are paid. A \$5 billion package tax cut would, of course, immediately increase the deficit now being automatically generated by the business recession. However, if the tax cut did serve to revive private expenditures by business firms and consumers; if it did shorten the recession and speed a vigorous recovery, it would expand the tax base and could readily reduce the Federal deficit that would otherwise exist. Our experience in combating the recession of 1953-54, when we reduced taxes by nearly \$7.5 billion on an annual basis, indicates that there is a very good probability that, over a period of 2 or 3 years, tax reduction would reduce rather than increase the amount of deficit financing by the Federal Government."

[From the New York Times of May 1, 1958]

THE RECESSION ISN'T LOCAL

Allen W. Dulles, Director of the Central Intelligence Agency, was the principal speaker at the opening day ceremonies of the 46th annual meeting of the chamber of commerce. And the head of the CIA chose this occasion, and this audience of 40,000 American business men to discuss the facts about Russian competition with this country in foreign trade in words that were blunt to the point where they might be described as alarming.

Not only is Soviet economic growth exceeding our own by a ratio of 2 to 1, Mr. Dulles told his listeners, but the Soviet set-up is proving itself as well adapted to waging economic war as political war.

One paragraph in Mr. Dulles' speech stood out with particular impressiveness in the light of an observation by President Eisenhower at his news conference last week on the current business recession. This was his comment that "we are meeting a minor emergency internally." Mr. Dulles' address pointed up the fact strongly that it was idle to talk of the business setback as a purely domestic phenomenon at a time when we were engaged in a life-and-death struggle with Soviet Russia for the world's markets. He said:

"While the Soviet Union has been making spectacular progress the United States has been losing ground partly as a result of a depression, which has caused production cutbacks and increasing unemployment." And he added, "A recession is an expensive luxury. Its effects cannot be confined to our own shores."

[From the New York Times of April 25, 1958]

POLICY IN A RECESSION

At his press conference on Wednesday, President Eisenhower spoke of the "agonizing reappraisal" which he and his associates are engaged in constantly in trying to frame economic policy. We can believe that there is a deep personal problem for him, as there would be for any of us in his position, as he faces difficult issues. And we can accept his assurance he is not being light hearted about the situation. Moreover, though he referred to the recession as a minor emergency, we are sure he knows it is not minor for the more than 5 million Americans who have been unemployed recently, or for the great industries which have had to cut production sharply.

But there is room for disagreement with the analysis which the President presented. He cited his belief the rate of decline has been flattening out. This is true, but this was to be expected because of seasonal forces which normally make the economy turn upward in the spring. Nevertheless, the hard fact is that the most sensitive indicators are still going down. New claims for unemployment insurance rose significantly in many parts of the country last week. Steel production continues to slide downhill. Automobile production has been cut again. Electricity output fell contraseasonally last week. These hard facts must be faced.

Such evidence strengthens the case for a tax cut. We find it difficult to understand the President's argument against such a cut. Certainly defense is expensive. But if a tax cut stimulated the economy, the Government's total revenue would almost certainly increase as employment, personal incomes and profits rose. It is difficult to believe we can help to meet the costs of defense by permitting over 5 million Americans and more than half of our steel capacity to remain idle. Rather, the recession weakens our ability to meet the Soviet economic offensive. Meantime, there is no assurance that measures already taken will be adequate to stem our worst recession of the postwar period.

REIMBURSEMENT OF OWNERS OF CERTAIN LANDS

The Senate resumed the consideration of the bill (H. R. 6940) to authorize the Secretary of the Interior to reimburse owners of lands acquired for developments under his jurisdiction for their moving expenses, and for other purposes.

The PRESIDING OFFICER (Mr. CLARK in the chair). The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H. R. 6940) was ordered to a third reading, read the third time, and passed.

EXTENSION OF DOMESTIC TUNGSTEN, ASBESTOS, FLUORSPAR, AND COLUMBIUM-TANTALUM PRODUCTION PROGRAMS

Mr. PROXMIER. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar 1538, Senate bill 3186.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3186) to extend for 1 year certain pro-

grams established under the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of 1956.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

There being no objection, the Senate proceeded to consider the bill.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to amendment.

If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3186) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 5 of the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of 1956 is amended by inserting before the period a semicolon and the following: "except that the programs established under subsections (b) and (c) of section 2 shall terminate on December 31, 1959."

AMENDMENT OF SECTION 2324 OF THE REVISED STATUTES

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1546, S. 3199.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3199) to amend section 2324 of the Revised Statutes, as amended, to change the period for doing annual assessment work on unpatented mineral claims so that it will run from August 15 of one year to August 15 of the succeeding year, and to make such change effective with respect to the assessment work year commencing in 1959.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with amendments on page 1, line 5, after the word "thereof", to strike out "15th day of August" and insert "1st day of September"; on page 2, line 7, after the word "on", to strike out "August 15" and insert "September 1", and after line 7, to insert:

Sec. 2. (a) The provision of section 2324 of the Revised Statutes which requires that on each mining claim located after May 10, 1872, and until a patent has been issued therefor, not less than \$100 of labor shall be performed or improvements made during each year, shall be suspended as to any such mining claim during the year beginning at 12 o'clock m. July 1, 1957, and ending at 12 o'clock m. July 1, 1958, if the claimant of

such mining claim shall file, or cause to be filed, in the office where the location notice or certificate is recorded, on or before 12 o'clock m. July 1, 1958, a notice of his desire to hold such mining claim.

(b) The provisions of subsection (a) of this section shall not apply to more than 6 mining claims held by the same individual, nor to more than 12 mining claims held by the same partnership, association, or corporation.

So as to make the bill read:

Be it enacted, etc., That section 2324 of the Revised Statutes, as amended (30 U. S. C. 28), is amended by striking out "1st day of July" and inserting in lieu thereof "1st day of September."

Sec. 2. Notwithstanding the amendment made by the first section of this act, the period commencing in 1957 for the performance of annual assessment work under section 2324 of the Revised Statutes, as amended, shall end at 12 o'clock meridian on the 1st day of July, 1958, and the period commencing in 1958 for the performance of such annual assessment work shall commence at 12 o'clock meridian on the 1st day of July, 1958, and shall continue to 12 o'clock meridian on September 1, 1959.

Sec. 2. (a) The provision of section 2324 of the Revised Statutes which requires that on each mining claim located after May 10, 1872, and until a patent has been issued therefor, not less than \$100 of labor shall be performed or improvements made during each year, shall be suspended as to any such mining claim during the year beginning at 12 o'clock meridian July 1, 1957, and ending at 12 o'clock meridian July 1, 1958, if the claimant of such mining claim shall file, or cause, to be filed, in the office where the location notice or certificate is recorded, on or before 12 o'clock meridian July 1, 1958, a notice of his desire to hold such mining claim.

(b) The provisions of subsection (a) of this section shall not apply to more than 6 mining claims held by the same individual, nor to more than 12 mining claims held by the same partnership, association, or corporation.

Mr. DIRKSEN. Mr. President, I understand there is no controversy whatsoever with respect to this measure.

Mr. PROXMIRE. Mr. President, this bill is designed to change the period for doing annual assessment work on unpatented mineral claims so that it will run from August 15 of one year to August 15 of the succeeding year, and to make such change effective with respect to the assessment work year commencing in 1959.

Mr. President, I ask unanimous consent that a portion of the committee's report as marked be printed in the RECORD at this point.

There being no objection, the extract from the report (No. 1521) was ordered to be printed in the RECORD, as follows:

AMENDMENTS

The first amendment on page 1, line 5, strike out the words "15th day of August" and insert in lieu thereof "1st day of September". Industry witnesses who appeared before the subcommittee which held hearings on this bill testified that the earlier date would not give enough time to accomplish the purpose of the bill, namely, to give time to owners of claims located in high mountainous sections to do their work during the period of time which the ground was not covered by snow.

The second amendment (sec. 2 (a)) adopts a part of the language contained in S. 3315 which calls for the suspension for the year

July 1, 1957, and ending July 1, 1958, of the requirement that \$100 of labor shall be performed for improvements made on each unpatented mining claim during each year.

PURPOSE OF THE LEGISLATION

S. 3199, as amended and commonly referred to during committee discussion as the Church-Bible bill, is designed to meet the needs of holders of claims in high mountainous country for sufficient time to do their annual assessment work with a degree of continuity during the summer months when the ground is not covered by snow.

The provision relating to suspension for 1 year of the requirement that annual assessment work be done is designed to relieve the financial burden of claim holders, many of whom have been hard hit by the current economic recession. Incidentally, from a historical standpoint Congress has within the past 50 years enacted similar legislation on the basis of either depressed economic conditions or shortage of labor and materials during times of national emergency, 27 different times.

No appropriation of Federal funds is in any way involved in the proposed legislation.

DEPARTMENTAL REPORTS

Prior to committee action when the date 15th day of August was under discussion, the Department of Interior reported "we would not object to the enactment of S. 3199" pointing out "the original assessment year was on a calendar-year basis and there is, consequently, precedent for such a change in the law as this."

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill to amend section 2324 of the Revised Statutes, as amended, to change the period for doing annual assessment work on unpatented mineral claims so that it will run from September 1 of one year to September 1 of the succeeding year, and to make such change effective with respect to the assessment work year commencing in 1959, and to provide for the suspension of such annual assessment work for the year ending July 1, 1958."

EFFECT OF NEWLY DEVELOPED WEAPONS

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1571, H. R. 11519.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H. R. 11519) to authorize the use of naval vessels to determine the effect of newly developed weapons upon such vessels.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

There being no objection, the Senate proceeded to consider the bill.

Mr. PROXMIRE. Mr. President, this bill would authorize the Secretary of the Navy to use for experimental purposes 3 destroyers, 1 submarine, 1 merchant-type vessel, and not more than 10 service craft.

Mr. President, I ask unanimous consent that a portion of the committee report as marked be printed in the RECORD at this time.

There being no objection, the extract from the report (No. 1546) was ordered to be printed in the RECORD, as follows:

PURPOSE

EXPLANATION

The Navy plans to conduct tests of newly developed special weapons for underwater detonation this spring. As a part of these tests it is desirable to use certain ships and service craft to determine the effects of these weapons and to evaluate the safe delivery range for ships that may use the weapons later.

The ships selected for this purpose are the U. S. S. *Howarth*, DD-592, the U. S. S. *Killen*, DD-593, the U. S. S. *Fulliam*, DD-474, the U. S. S. *Bonita*, SSK-3, the steamship *Michael J. Moran*, and eight lighter-type barges.

The three destroyers involved are now a part of the reserve fleet and would be required in the event of an emergency. The submarine is in the active fleet. The merchant ship is out of service and was secured from the Maritime Administration.

Why legislation is required

Section 7306 of title 10, United States Code, authorizes the Navy to use for experimental purposes those vessels that have been struck from the naval vessels register after having been found unfit for further service by a board of inspection and survey. The ships proposed for use in these tests have not been surveyed and their condition is such that they would be useful in a mobilization period.

Legislative precedents

Public Law 442 of the 79th Congress authorized the use of naval vessels as targets to determine the effect of atomic weapons. Public Law 173 of the 83d Congress authorized the use of the submarine *Ulua* for experimental tests.

Need for reasonably modern ships

The value of the tests to be conducted will depend upon a determination of the effects on reasonably modern ships with machinery in operation in some cases. Hence, obsolete ships or those already struck from the register would not provide the information desired.

Disposition of ships after tests

Those ships that are not damaged beyond economical repair will be repaired and returned to the reserve fleet. It is possible that one or more of the vessels may be damaged beyond economical repair.

COST

The cost of the tests and the support of the operations of which the tests are a part will be borne from current appropriations or from funds in the fiscal year 1959 appropriations request. At this time it is impractical to determine the costs of any repairs that may be required after the tests.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

DISPOSAL OF CERTAIN UNCOMPLETED VESSELS

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the Senate

proceed to the consideration of Calendar No. 1572, H. R. 8547.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H. R. 8547) to authorize the disposal of certain uncompleted vessels.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

There being no objection, the Senate proceeded to consider the bill.

Mr. PROXMIRE. Mr. President, the bill would authorize the Secretary of the Navy to strike from the Naval Vessel Register, and to dispose of, seven uncompleted vessels. These ships are the U. S. S. *Kentucky*, the U. S. S. *Hawaii*, the U. S. S. *Lansdale*, the U. S. S. *Seymour D. Owens*, the U. S. S. *Lancetfish*, the U. S. S. *Unicorn*, and the U. S. S. *Walrus*.

I ask unanimous consent that a portion of the committee report as marked be printed at this point in the RECORD.

There being no objection, the extract from the report (No. 1547) was ordered to be printed in the RECORD as follows:

EXPLANATORY BACKGROUND

Applicable laws

Under Public Law 301 of the 79th Congress, as amended, the Navy was required to complete all combatant vessels then under construction whose percentage of completion exceeded 20 percent on March 1, 1946. At that time it was logical to complete these ships because of the costs already incurred and the potential that they offered for future emergencies. In the years following rapid technological advances in naval warfare affected the justification for completion of these vessels. Public Law 690 of the 80th Congress and Public Law 622 of the 83d Congress authorized the suspension of the construction of those vessels scheduled for completion under the 1946 act. Construction of ships named in this bill was suspended at the direction of the President in accordance with the authority of these acts.

Practicality of conversion

The Navy has conducted many feasibility studies of the cost involved in converting these vessels to modern types. Although many concrete proposals were examined, none of them have been finally approved because of the cost and manpower required could not be justified in the altered design as compared to that of a new ship. The Navy has concluded that neither time nor money would be saved by completing them. Later in this report there appears a detailed description of the ships and estimates of completion or conversion costs.

Justification for disposal now

Until now these ships have had some emergency reserve potential, such as a term insurance policy, but they no longer are considered a worthwhile mobilization base. Authority to dispose of the ships has not been requested previously because of their mobilization potential. Even in an emergency, if time were available the Navy considers that it would be more advantageous, from the standpoint of both time and money, to build new ships.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill was ordered to a third reading, read the third time, and passed.

INTERNATIONAL CIVIL AVIATION ORGANIZATION

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1614, Senate Joint Resolution 166.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The LEGISLATIVE CLERK. A joint resolution (S. J. Res. 166) authorizing an appropriation to enable the United States to extend an invitation to the International Civil Aviation Organization to hold the 12th session of its assembly in the United States in 1959.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on Interstate and Foreign Commerce, with amendments on page 2, line 11, after the word "costs", to insert "not in excess of the additional costs", and on page 3, line 6, after the word "expenses", to strike out "without regard to the Standardized Government Travel Regulations and to the rates of per diem allowances in lieu of subsistence expenses under the Travel Expense Act of 1949, as amended," so as to make the joint resolution read:

Resolved, etc., That there is authorized to be appropriated to the Department of State, out of any money in the Treasury not otherwise appropriated, the sum of \$200,000 for the purpose of defraying the expenses incident to organizing and holding the 12th Session of the Assembly of the International Civil Aviation Organization in the United States. Funds appropriated pursuant to this authorization shall be available for advance contribution to the International Civil Aviation Organization for certain costs, not in excess of the additional costs, incurred by the Organization in holding the 12th Session of the Assembly in the United States and shall be available for expenses incurred by the Department of State on behalf of the United States as host government, including personal services without regard to civil-service and classification laws; employment of aliens; printing and binding without regard to section 11 of the act of March 1, 1919 (44 U. S. C. 111); travel expenses; rent of quarters by contract or otherwise, hire of passenger motor vehicles, and official functions and courtesies.

SEC. 2. The Secretary of State is authorized to accept and use contributions of funds, property, services and facilities for the purpose of organizing and holding the 12th Session of the Assembly of the International Assembly of the International Civil Aviation Organization in the United States.

Mr. DIRKSEN. Mr. President, I understand an emergency is actually involved, in that a meeting is to be held in Montreal tomorrow, which makes it necessary to take action on the measure today.

Mr. PROXMIRE. Mr. President, Senate Joint Resolution 166 authorizes the appropriation of \$200,000 to the Secretary of State to cover expenses incident to holding the 1959 meeting of the Assembly of the International Civil Aviation Organization in the United States. This money would be used—

First. For advance contribution to the ICAO for extraordinary expenses to the

Organization in holding a meeting in the United States; and

Second. For payment directly by the United States of host-nation expenses, including rental of quarters, employment of temporary personnel, travel costs, and the expenses of official functions and courtesies.

I ask unanimous consent that the committee report as marked be printed in the RECORD at this point.

There being no objection, the extract from the report was ordered to be printed in the RECORD, as follows:

III. PURPOSE OF THE RESOLUTION

The year 1959 is the 15th anniversary of the International Civil Aviation Organization, which was established by the Convention on International Civil Aviation signed at Chicago in 1944. ICAO is the principal intergovernmental organization for cooperation in the field of civil aviation and enjoys an almost universal membership, 72 countries, outside the Iron Curtain. Its principal functions are:

- (a) Securing uniformity in air navigation regulations and standards;
- (b) Facilitation of procedures involved in international air transport;
- (c) Joint support of radio, weather, and other air navigation services; and
- (d) Technical assistance in civil aviation matters to underdeveloped countries.

The Organization is composed of a General Assembly, a governing Council of 21 member states elected by the Assembly, and the Secretariat.

It has become customary for the ICAO Assembly to hold its principal business meeting every 3 years in different member countries by invitation. Previous Assemblies have met in Geneva, Switzerland (1948), Brighton, England (1953), and Caracas, Venezuela (1956). Other annual meetings have been held at the ICAO permanent headquarters in Montreal, Canada.

As this year's Assembly will be the last major ICAO meeting prior to the beginning of large-scale international aviation jet aircraft operations, United States aviation authorities are particularly desirous of having it held in this country. Your committee also feels that such a meeting would provide an excellent forum for acquainting the world's aviation leaders with developments in the American jet transport industry, and for discussion of the problems of jet operations which will be faced generally by the various member governments. Accordingly, it would be to the advantage and welfare of the United States to act as the host country for the important Assembly of next year.

IV. AGENCY COMMENTS

The Department of State and the Department of Commerce, as well as the Civil Aeronautics Board, are strongly in favor of the purposes of the resolution.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Committee on Interstate and Foreign Commerce.

The amendments were agreed to.

The PRESIDING OFFICER. The joint resolution is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

SPOKANE VALLEY PROJECT, WASHINGTON AND IDAHO

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1547, S. 2215. The intention is not that the Senate shall proceed with the bill today, but make it the unfinished business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2215) to authorize the Secretary of the Interior to construct, operate, and maintain the Spokane Valley project, Washington and Idaho, under reclamation laws.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with amendments.

ORDER FOR ADJOURNMENT TO WEDNESDAY

Mr. PROXMIRE. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in adjournment until noon next Wednesday.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

CALL OF THE CALENDAR ON WEDNESDAY NEXT

Mr. PROXMIRE. Mr. President, I ask unanimous consent that on Wednesday next, at the conclusion of the morning hour, there may be a call of the calendar for the consideration of measures to which there is no objection, beginning with Calendar No. 1539.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS DURING ADJOURNMENT

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the committees of the Senate be permitted to file reports during the adjournment of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM—ADJOURNMENT TO WEDNESDAY

Mr. PROXMIRE. Mr. President, I should also like to announce, for the information of the Senate, that on Wednesday, May 21, it is planned that the Senate will consider the postal pay rate conference report, and that there will be a call of the calendar. In addition, if unanimous consent is granted and if the independent offices appropriation bill is ready, it is planned to have the Senate consider it on Thursday, May 22.

Mr. President, under the previous order, I move that the Senate adjourn until next Wednesday at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 16 minutes p. m.) the Senate adjourned, the adjournment being, under the order previously entered, until Wednesday, May 21, 1958, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 19, 1958:

IN THE NAVY

Vice Adm. Edmund T. Wooldridge, United States Navy, when retired, to be placed on the retired list in the grade of vice admiral in accordance with the provisions of title 10, United States Code, section 5233.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 19, 1958

The House met at 12 o'clock noon.

Right Reverend Monsignor Spiegel, pastor, St. Paul's Church, Butler, Pa., offered the following prayer:

Almighty God, Creator of all, we look to Thee in love and adoration; guide Thy servants, the representatives of the people of this great Nation. Direct their deliberations as they legislate for the welfare of the Nation, mindful that the beneficial laws they enact are destined to profit not only the citizens of this country but help to bring peace and happiness to the whole world.

Ever mindful that the final destiny of man is eternal happiness with God in heaven, as promised by Christ Who ascended to heaven before the eyes of the Apostles, we will be taken up into God's Heaven beyond the moon and sun and the final star in God's infinite universe. Let not Thy people worry about return to this earth for they will live eternally with God.

O Lord, Jesus Christ, we implore Thee to let Thy inspiration precede the actions of this august body and help them so that all their prayers and all their deeds may ever take their beginning from Thee and so begun may through Thee reach their completion through Christ our Lord. Amen.

The Journal of the proceedings of Thursday, May 15, 1958, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On May 14, 1958:

H.R. 12326. An act making urgent deficiency appropriations for the fiscal year ending June 30, 1958, and for other purposes.